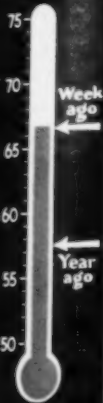


SEPT. 14
1935

BUSINESS WEEK

BUSINESS
INDICATOR



McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

EYES ON THE MACHINE—As the National Machine Tool Builders Association under its president, Charles J. Stilwell of Warner & Swasey (circle), brings the results of 6 years' modernization to its show at Cleveland—front line in the battle against obsolescence.

UNIVERSITY OF MICHIGAN
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Dr. Diesel's Engine

**STEPS OFF ITS
FOUNDATION!**



BACK AT THE END of the last century, Dr. Rudolph Diesel stripped the spark ignition from the gasoline engine... developed the motor that now bears his name and uses fuel oil instead of gasoline.

Direct cooperation of the makers of Gargoyle lubricants with Dr. Diesel himself, led to the solution of the difficult lubrication problems of this engine that compressed air to the point where fuel oil would flash into flame... with combustion temperatures close to inferno.

Thus, the problem child became an economical, heavy engine for the power house. It went down to the sea in ships. Then came new ideas... new, lighter, stronger materials. The Diesel was freed of its excessive weight... stepped off!

Now, more efficient and economical than ever, it drives tractors, locomotives, contractors' equipment, trucks, buses. Possibly you may some day find it in your motor car.

Socony-Vacuum progress has kept pace. Today, 65% of the world's Diesel-driven ships—a large percentage of all the world's Diesels—about half of America's Diesel-electric locomotives—rely on Socony-Vacuum lubrication.

The Lubrication Profit Idea

In this field, as in the factory, mine, or the construction job, Socony-Vacuum products show a "lubrication profit" in lessened friction, fewer repairs, more continuous operation, lower cost of lubrication itself.

In the efficient application of this principle, Socony-Vacuum performs its greatest service to industry.

SOCONY-VACUUM OIL Co.
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STANDARD OIL OF NEW YORK DIVISION • WHITE STAR DIVISION • LUBRITE DIVISION • WHITE EAGLE DIVISION
WADHAMS OIL COMPANY • MAGNOLIA PETROLEUM COMPANY • GENERAL PETROLEUM CORPORATION OF CALIFORNIA



Here's Why so Many 1935 DODGE TRUCK OWNERS Report Saving \$65 to \$95 on Gas Alone



I picked Dodge of the 3 lowest-priced trucks, because it has hydraulic brakes, full-floating rear axle, and all those amazing gas and oil saving features

J. L. SAMUELS
Douglas Lumber Company
Chicago, Illinois



EXHAUST VALVE SEAT INSERTS... SAVE GAS

Hold compression... save gas. Resist burning, pitting... postpone valve grinding extra thousands of miles.

SPRAY-COOLED EXHAUST VALVE SEATS...SAVE GAS

Cool water, right from the pump is piped direct to the exhaust valve seats... lengthens valve life... saves gas.

FULL-LENGTH WATER JACKETS... SAVE GAS AND OIL

Keep cylinders cool their entire length; check distortion and wear... save you money on gas and oil.

4 PISTON RINGS... SAVE GAS AND OIL

Dodge gives you 4 piston rings where the other lowest-priced trucks give you only 3. Better compression... hold power... save money on gas and oil every day.

ALUMINUM ALLOY PISTONS... SAVE GAS

Lighter weight of this finer Dodge feature means quicker pick-up... reduced engine vibration... less strain on bearings. Saves real money on gas... prolongs engine life.

\$365*

*List price at factory, Detroit, subject to change without notice. Special equip- to change without notice. Special equip- ment, including dual wheels on 14-ton model, extra. Time payments to fit your budget. Ask for the official Chrysler Motors Commercial Credit Plan. (Dodge Passenger Cars \$49 and up.)

CHECK Dodge features and you will see for yourself why owners of the 1935 Dodge trucks are reporting such astonishing savings. Users everywhere say that the saving on gas alone often runs from \$65 to \$95 per year. But that's only the start! There are many other ways in which Dodge trucks save you money. Genuine hydraulic brakes stay equalized, save you money on tires, brake relining and adjustments. Full-pressure lubrication saves wear, cuts repair costs. Oil filter saves you money on oil. Full-floating rear axle saves upkeep expense on Dodge trucks. A total of 18 such high-priced features save money for you every mile your truck is driven. And only Dodge gives you all of them, in the lowest-priced field. Before you buy any 1935 truck, see your Dodge dealer!

**DODGE DIVISION—
CHRYSLER MOTORS**

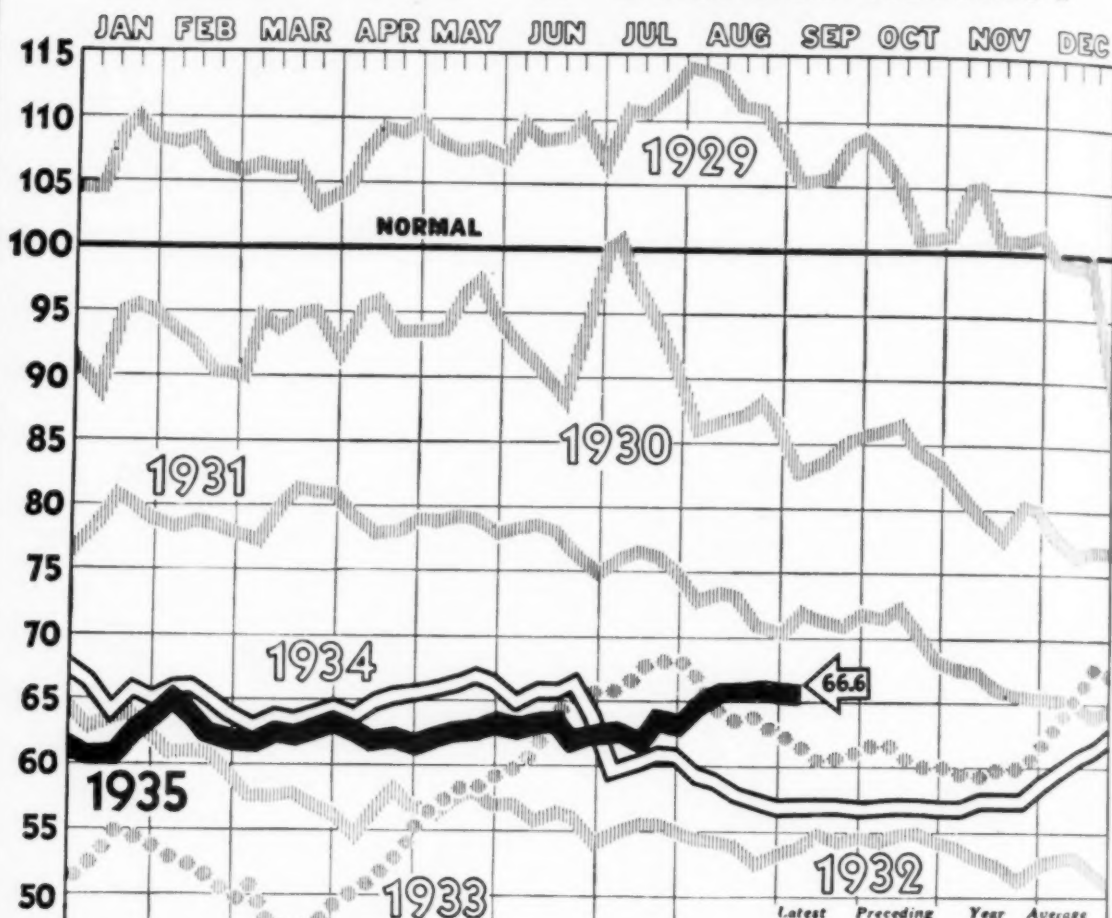


DODGE COMMERCIAL EXPRESS
—6-cyl., 111 1/2" w.b. Gives you 18 money-saving features... yet priced with the lowest... **\$485***

Dependable DODGE TRUCKS

BUSINESS WEEK (with which is combined The Magazine of Business) September 14, 1935, No. 313. Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Executive Vice-President; Glenn Carlsword, Vice-President and Editor; B. H. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year, in U.S.A. and possessions; \$7.50 or 30 shillings per year in all foreign countries. 26 per copy. Entered as second-class matter February 13, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U.S.A. Copyright 1935 by McGraw-Hill Publishing Company, Inc. Printed by The Schweitzer Press, N. Y.

WEEKLY INDEX OF BUSINESS ACTIVITY



	Latest Week	Preceding Week	Year Ago	Average 1930-34
BUSINESS WEEK INDEX	66.6	66.7	57.6	66.4
PRODUCTION				
★ Steel Ingot Operation (% of capacity)	49.7	45.8	20.9	33.2
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis)	\$6,765	\$7,023	\$4,436	\$7,232
★ Bituminous Coal (daily average, 1,000 tons)	1,223	1,047	1,125	1,236
★ Electric Power (millions K.W.H.)	1,752	1,810	1,565	1,568
TRADE				
Total Carloadings (daily average 1,000 cars)	113	104	108	121
★ Miscellaneous and L.C.L. Carloadings (daily average 1,000 cars)	69	67	67	77
★ Check Payments (outside N. Y. City, millions)	\$3,414	\$3,097	\$2,824	\$3,156
★ Money in Circulation (daily average, millions)	\$5,651	\$5,596	\$5,423	\$5,221
PRICES (Average for the Week)				
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.12	\$1.07	\$1.08	\$1.73
Cotton (middling, New York, lb.)	\$1.08	\$1.07	\$1.13	\$0.97
Iron and Steel (STEEL, composite, ton)	\$32.79	\$32.78	\$32.17	\$30.96
Copper (electrolytic, f.o.b. refinery, lb.)	\$0.83	\$0.83	\$0.88	\$0.83
All Commodities (Fisher's Index, 1926 = 100)	84.5	84.3	80.2	73.3
FINANCE				
Federal Reserve Credit Outstanding (daily average, millions)	\$2,477	\$2,476	\$2,470	\$1,875
Loans and Investments, Federal Reserve rep't'g member banks (millions)	\$18,614	\$18,533	\$17,755	\$16,939
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,431	\$4,446	\$4,679	\$4,944
Security Loans, Federal Reserve reporting member banks (millions)	\$2,957	\$2,899	\$3,210	\$3,646
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$985	\$930	\$933	\$801
Stock Prices (average 100 stocks, Herald Tribune)	\$107.13	\$105.48	\$95.34	\$112.96
Bond Prices (Dow, Jones, average 40 bonds)	\$96.53	\$95.94	\$91.98	\$90.11
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	1.5%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1-1%	1.9%
Business Failures (Dun and Bradstreet, number)	203	207	174	330

★ Factor in Business Week Index ° Preliminary † Revised ‡ 1932-34 average.

The Business Outlook

PROMISE of a "breathing spell" comes just as business is doing pretty well on its own hook. Steel production reached the year's high in August, dipped only slightly over Labor Day, then resumed its upward climb. Steel shipments gained over July, indicating that production is not simply for reserve stock but for a real consumer demand. General Motors has just totaled up its best August consumer sales, since 1929. Two other August records: Construction contracts hit their peak for the year; carloadings moved steadily upward to finish at the highest level for any week in more than 3 years.

New York Employment Gains

If New York State returns on factory employment are as reliable an indicator of national conditions as they have been in the past, industrial health may be adjudged sound. Clothing and textile manufacturers stepped up operations so sharply that general factory staffs were increased nearly 2% over July, payrolls more than 4%. Check transactions last month were 18% ahead of a year ago, with industrial areas reporting some of the best gains of the country. Power production dipped during the holiday week, but the 12% spread over a year ago was the widest for any week of 1935. Currency circulation jumped to the year's high under holiday influences, and movie theaters initiated the fall season with big crowds.

Oil, Railroads Troubled

Only a few clouds mar the horizon. California is having difficulty curbing oil production and damage to gasoline prices is threatened. Railroads, and those whose welfare hinges on the carriers' well-being, view with dismay the \$62 million deficit incurred in the first half of 1935 by 149 Class I roads, a deficit nearly 3 times larger than that for the same period of 1934. Only reduced costs or—more possibly—a substantial boost in traffic can wipe out such losses. Possible labor difficulties in motors, steel or coal are not yet seriously considered, but they figure in all calculations.

Building Boom Holds

August construction contracts of \$168.6 millions in 37 states made a new 1935 record. With a 29% gain over July, public works and utility awards accounted for the bulge; non-residential contracts gained less than 3% and residential declined 16%. All classifications were substantially above last year's marks, the residential division topping the field with

H. C. OF L. LEADERS

Rent vies with food for the dubious privilege of leading the increased cost of living parade. Compared with a year ago, August rents were 9.3% higher, food 9.4%. But one fact that escapes critics is that rent is still 22.3% below averages for August, 1929; food is 23.7% lower.

a 118% gain over August, 1934. For the first 8 months, awards of over \$1 billion still fall 6% short of last year's comparable total but the gap is narrowing, will be closed before the year is out. For the period non-residential contracts (\$374 millions) lag 4% behind 1934, public works and utilities are 34% behind. In the 8 months residential activity, star performer in the 1935 construction market, has built up a 75% margin over last year.

Department Stores Disappoint

Public buying in department stores last month fell somewhat short of expectations, despite the advantage of an extra Saturday this year compared with last. South, West, and Northwest regions still report the most favorable showing, while the Atlantic seaboard continues to lag. For the first 8 months, total dollar sales were only 4% ahead of 1934. New York and Boston areas are running behind and Philadelphia is just breaking even.

Mail Order, Chains Improve

Among chain and mail order houses, the situation is measurably better. Twenty-one such organizations with sales of \$112.5 millions last month scored an average gain of more than 10% over August, 1934. Some variety stores showed improvement after several months of unfavorable comparisons. Montgomery Ward had the best August volume since 1929.

Steel's Big Summer

Last month's steel output, exceeding 2.9 million tons—a 29% jump over July and 111% last August—established a new high for 1935. At

the end of the first half, steel was lagging 2% behind its 1934 record; spectacular advances of the last 2 months have converted that loss into a 10% gain for the 8-month comparison. Present operations at 49% of capacity are not high compared with pre-depression years, but they are sufficiently high to make for profitable operations.

Motors Increase Orders

Anticipated tapering of demand from miscellaneous and tin plate consumers during the last quarter will be offset by increasing orders from automotive and construction industries. Detroit is bending every effort to have its dealers supplied with new models when the big show opens Nov. 2. For the first time this year, construction steel awards compiled by *Iron Age* have pushed ahead of 1934, auguring well for this important but laggard branch of steel consumption.

New Prices But No Rush

With the exception of one or two lines, new prices posted for finished steel products have brought no rush of fourth quarter business. Jobbers of galvanized steel, faced with a deadline on which their \$2-a-ton discount expires, naturally pushed output in this line to capacity. Recently posted prices for bars, which attracted considerable attention by providing a higher base price plus differentials based on quantities, have been revised slightly downward.

Girding for Battle

Motor production during the week ending Sept. 7 dropped to the low of 1935. August production of members of the Automobile Manufacturers' Association, which does not include Ford, actually increased 7% over a year ago, but complete records of the industry probably show no gains, for Ford was closed for a 2 week vacation period during August. This month he resumed operations with a vengeance. Energetic preparations for keen competition in next year's market are being made at every plant. Buick 1936 models are now coming off the line, but will not be announced until late September. Chevrolet sales were so good in August, when an all time record was set, that 1935 models are still in production.

Trucks at the Top

Truck sales this summer have hovered close to 50,000 a month, an exceptional record. Sales in 1935 stand a good chance of beating 1929. Reo received another government contract exceeding \$500,000, and White expects good sales results from its new line of streamlined trucks.

V-8 PERFORMANCE
...V-8 ECONOMY...
V-8 RELIABILITY
Proved by THIS
TRUCK in 92,000
Miles of Hard
Service.

SO CHECKER EXPRESS CO.
BOUGHT TWELVE MORE

FORD V-8

TRUCKS AND COMMERCIAL CARS



When a truck travels 92,000 miles in 20 months hauling heavy loads on fast trips . . . and covers 70,000 miles on its original set of brakes . . . its record must stand as convincing proof of V-8 Performance, V-8 Economy and V-8 Reliability.

Checker Express Company of Milwaukee, Wisconsin, considered

this record so outstanding that this company bought twelve more Ford V-8 Trucks and Commercial Cars.

This case is not exceptional by any means. Hundreds of examples . . . many even more convincing than this one . . . are on file with the Ford Motor Company. But you need not be guided solely by the experiences of others. Your Ford dealer will be glad to let you make your own ON-THE-JOB test . . . with your own loads . . . over your own routes

. . . with your own driver. Try his demonstrator truck or commercial car. Observe its performance. Check carefully its low operating cost. Ask your driver about its comfort and ease of control. And ask your Ford dealer about the economy of the Ford Engine Exchange Plan and the many other exchange privileges. Then ask the DELIVERED PRICE of the unit you plan on buying. You will be convinced that Ford offers AMERICA'S GREAT TRUCK AND COMMERCIAL CAR VALUES.

Form No. 1, 1934
Checker Express Co.
Express Delivery Service
TRUCK RENTALS
1221 NORTH SEVENTH ST.
MILWAUKEE, WIS.

November 12, 1934.

Ford Motor Company,
Milwaukee,
Wisconsin.

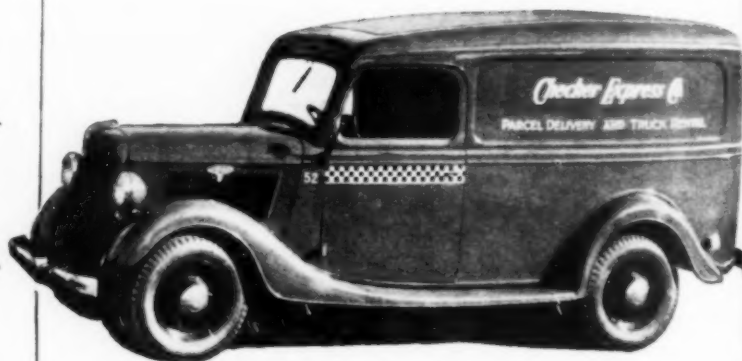
Gentlemen:

In March, 1933, we purchased a Ford V-8 tractor, which has up to this time traveled 92,000 miles, pulling a trailer with loads up to five tons. We covered 70,000 miles with the original set of brakes, and always we have found this unit to be very economical and dependable.

Since the purchase of this unit, in 1933, we have added twelve V-8 trucks to our fleet and have found them satisfactory in every respect.

Yours very truly,
R. J. Lenz
CHECKER EXPRESS COMPANY.

RJL:NZ



CO. Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Between lines of President's letter to Roy Howard promising breathing spell to business Washington reads definite promise of heavier taxes on all except the smallest corporations. It emphasizes Roosevelt's excuses for Congress refusal to raise levies on small incomes, his point that little fellows are already paying more than their share in "consumption taxes," his defense of sliding scale corporation taxes on ground that big corporations are best able to pay—adds to this its knowledge that he really wanted scale to go up to 1934. And everyone knows that more taxes are imperative to finance the New Deal.

New Words—Same Sentiment

President's antipathy to corporation surpluses is unabated. In 1932 acceptance speech he referred scornfully to "piled-up surpluses." In his reassuring letter to Howard he talked of "sterile accumulations," saving for rainy day is not New Deal maxim. Idea is that its program will eliminate depressions, head off any threat of one by unusually heavy government spending.

Dizzy Brain Trusters

Brain Trusters who emphasize these points in President's letter say subsequent stock rise has them dizzy. "Characteristic capitalistic stupidity," is how one put it. Some think new fear of inflation better explanation.

Fear Bonus and Inflation

One reason for fears of inflation is probability that soldiers' bonus will pass next year over Roosevelt's veto. Facing election campaign, he mayn't work so hard to get veto sustained by Senate as he did last time.

30-Hour Week Again

Drive for 30-hour week in next Congress is already under way. Labor Federation, which abandoned 30-hour bill to work on labor relations act in this session, is worried over failure to dent unemployment, despite rising tide of business and work relief.

Tax Example

Largest sales in 20 years—\$28 millions; taxes, including processing levy—\$1,874,765.62; net loss for year, \$438,062.92. That's the year's story for Pepperell Manufacturing Co., giving hint as to why textile industry is unhappy. Saying case is typical, Treasurer Leonard asked stockholders Tuesday, "wherein lie reasons for an essential industry remaining profitless

REPORT AND REBUTTAL

NRA staff survivors are being very disarming in making those studies of industrial code experience and economic factors that underlie problems of particular industries. Reports will be submitted to industries concerned, their objections will accompany the reports to President. But there's no telling what he'll do with material if he wants to drum up sentiment for that "industrial statute of broad importance" which he promised for next session.

under governmental plan presumably dedicated to its rehabilitation?"

Hopkins vs. Ickes

Despite soothing words at Hyde Park on Hopkins-Ickes flareup which pits PWA against WPA, bulk of work relief fund's \$4 billions will be spent on light work to provide more employment. This is essential to Administration's objective—to employ all employable, force all unemployables back on states, get Federal government out of dole before Christmas. Chief danger to program is possibility that states and counties may be unable to take up burden.

Morgenthau and Norman

Secretary Morgenthau's sudden visit to his father at Bar Harbor, Me., coincided with presence there of Montagu Norman, governor of Bank of England. What did they talk about? Neither likes idle chatter. Morgenthau has bought silver cheap but is falling down on hope to revalue silver with big profit to Treasury, as he did with gold. He's expected to attempt international agreement to revive silver. Even present silver profit would help on bonus threat to budget.

Yards of Yardsticks

More yardsticks is suggestion of Chairman Hamilton of NRA Consumers' Advisory Council. He wants TVA idea of check on power industry's costs applied to other industries—dresses, ice, gasoline, paper, even

milk—along with more quality standards and grade labeling.

Jitters Uncalled For

Hamilton's idea about promoting cooperative buying among hundreds of local consumer councils, giving their housewife members a voice in retail price-fixing and trade practice regulation, is just another NRA advisory proposal. Need not cause jitters.

Death of a Candidate

Huey Long's death benefited Roosevelt 2 ways. First, it removed effective critic appealing picturesquely to masses with language and inferences conservative critics would not use. Second, Long was expected to run for the Presidency as independent next year, probably pulling enough votes from Roosevelt in some close states to throw electoral votes to Republican candidate.

Latin American New Deals

Latin America threatens to follow New Deal lead on utilities. President Cardenas of Mexico wants to take over not only telephones but railroads, some owned by British. Chile is after American & Foreign Power Co. properties. Governments from Rio Grande to Cape Horn are tending to nationalize. Consuls report tons of literature attacking utilities in recent legislative fight here have been shipped south. Latins are said to be confident they can kick out American interests without comeback. British may raise row, causing revival of talk about American responsibilities under Monroe Doctrine—if it still survives. Some blame Hull for emphasizing passing of "dollar diplomacy."

Cuba Shrugs Off Those Bonds

Senators investigating Cuban situation say government not only will continue unable to pay interest on bonds for public works floated by Chase bank, but has no intention of paying.

Laid Off—May Get Pensions

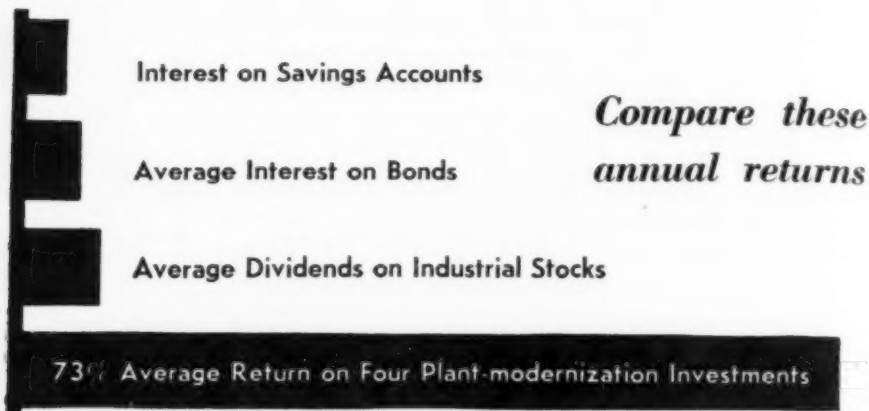
Railroad employees who were let out with promise of reemployment when business picks up are regarded as having "employment relation" to roads on date of enactment of railroad pension bill. This will boost number eligible for pensions.

Black's Questionnaires

Senator Black's lobby investigating committee will not resume hearings soon; data gathered so far is being digested. Next step is expected to be issuance of questionnaires as to service-company setups and holding-company charges.

73% PROFIT

Through Electrical Modernization



CAUSES FOR INCREASED EARNINGS

Because industrial progress has resulted largely from remarkable improvements in equipment, methods, and design, it seems logical to seek increased earnings in the future, as in the past, from new, improved machinery and methods to meet changing conditions.

Obsolete equipment and methods must be replaced. Different processes—frequently, different materials—will be adopted in the future. When close accuracy, high speed, and almost continuous operation are required, the profitable life of a machine is shorter than is usually recognized.

These facts indicate that manufacturers, in seeking reduced costs and increased returns, will do well to be certain that their designs, methods, and equipment represent the latest accepted practices.

CONTRIBUTION OF ELECTRIC EQUIPMENT

The proper utilization of electric apparatus has contributed in no small degree to past progress. It is probable that it will contribute to future progress. An examination of the plants of those companies that have successfully met recent adverse conditions indicates that suitable electrical modernization has proved its worth.

THE RIGHT KIND OF ELECTRICAL MODERNIZATION

Modernization is not necessarily an "open sesame" to increased prosperity and increased profits, but widespread experience in all types of industry indicates that *the right kind of electrical modernization* reduces costs and increases profits.

CONTINUITY OF BENEFITS

For over 43 years, General Electric has been assisting an *increasing* number of purchasers to obtain *continued* satisfactory and profitable results from their investments in electric equipment. Dependability is difficult to include in specifications, but easy to get if you insist on General Electric equipment.

GENERAL ELECTRIC has on file many records which show the profit to customers that results from capital investment in the right kind of modern electric equipment. Here are four examples, taken from widely diverse industries, well separated geographically, which show how \$26,517 is now saved each year by modernization investments totalling \$36,140—a 73-per-cent return.

1. A California flour mill invested \$10,900; return, 33 per cent annually.
2. A West Virginia mining company modernized its ventilating system, saving \$1,000 per month, or 100 per cent annually.
3. A New York food manufacturer invested \$10,240 and showed an annual saving of 48 per cent.
4. A Massachusetts stone company invested \$3,000 and realized an over-all saving of \$6,000 annually—a 200-per-cent return.

Why not encourage your employees to search for opportunities to save you money by replacing machines and methods which are no longer profitable? G-E sales engineers will gladly assist you in solving your electrical modernization problems.

Address inquiries to the nearest G-E sales office or General Electric, Schenectady, N.Y.

020-217

GENERAL ELECTRIC

SEPTEMBER 14, 1935

"Breathing Spell"

Business is all set to take advantage of the President's promise to keep politics out of the way of recovery.

SOME fall business campaigns were being redrafted this week and in almost every business organization some planners were going about their jobs with a greater degree of enthusiasm—all on the strength of a promise.

Mr. Roosevelt of the White House had written Mr. Howard of the Scripps-Howard newspapers and the United Press that the New Deal's "basic" program "has now reached substantial completion and the breathing-spell of which you speak is here—very decidedly so."

Headline Material

Newspapers all over the country had put big black headlines over the carefully staged correspondence between President and publisher. A presidential announcement of a "breathing-spell" for business, an implication that political experimentation with business had ended with the congressional session, that Mr. Roosevelt was willing to serve as publicity man for a business boom, was all news—very decidedly so.

Its interest for readers who said that the turn was logical, or who said it was politically smart, and who just said they wanted to believe it, "and, anyhow, it's bullish" right now," was, in a small degree, something like that aroused the last time Mr. Howard started an armistice announcement—in November, 1918.

Wall Street tacked several points on to the creeping advance of security prices that has been going on for some months. Business as a whole agreed that the presidential announcement was strategically timed. Several factors get a breathing-spell off to a good start.

The curve of business activity has now been rising for almost a year and, despite the disturbing congressional session, there was a heartening counter-seasonal spurt at the end of summer.

Basic Improvement

Recovery is showing marked gains in basic lines of industry. Steel mills are on a 50% basis, against 20% this time last year. Detroit is still selling 1935 models, with a new season only 2 months away; textile mills are speeding up with a backlog of orders at better prices, whereas a year ago they faced a strike, glutted markets, sagging prices.

There's a significant situation in the machine-tool trade. Such scattered machine-tool centers as Hartford, Cin-

cinnati, and Rockford, Ill., report several months of capacity business on the order books, more in sight to replace it, and a shortage of skilled machinists. This means that industry is tooling up for greater production—and greater employment.

The building revival looks increasingly genuine. There's a new top for



BREATH SENTENCE—Roy W. Howard, smart reporter—and dresser—helped the President put a business statement on Page 1 and incidentally won gobs of publicity for Scripps-Howard newspapers.

August contracts, including twice last year's residential construction. Public works are at last appearing in volume.

Such recovery symptoms harmonize with a background of steadily rising retail trade, a livelier wholesale buying, and a greater turnover reflected in larger check clearings and heavier freight movement, and supported by larger payrolls and farm income.

These are the principal plus signs at the start of the breathing spell and they outnumber the negative ones.

Among the latter is, of course, the fact that the railroads failed by \$62

millions to earn fixed charges in the first half of 1935; but that is not news, it is just confirmation of their well-known predicament. Petroleum is faced by another profit-killing war. Coal operators are not happy; even those hopeful of the Guffey act have seen what happens to price-fixing schemes.

For those who like to worry, there is the question of what's going to happen to AAA, of what will result when currency inflation gets the spotlight again as the January session of Congress talks about a \$2-billion bonus issue and a \$3-billion farm relief scheme.

Foreign Trade Still Tangled

And there is the very important point that an already impecunious world flirting with war holds no early promise of the restoration of normal trade relations, or of the reopening of export markets for farm and factory.

Government assistance has played some part in the upturn by increasing farm income and paying living costs for 20 millions on relief. Recently public works contracts and army and navy purchases have shown up in the business figures. Construction and modernization have been stimulated through FHA.

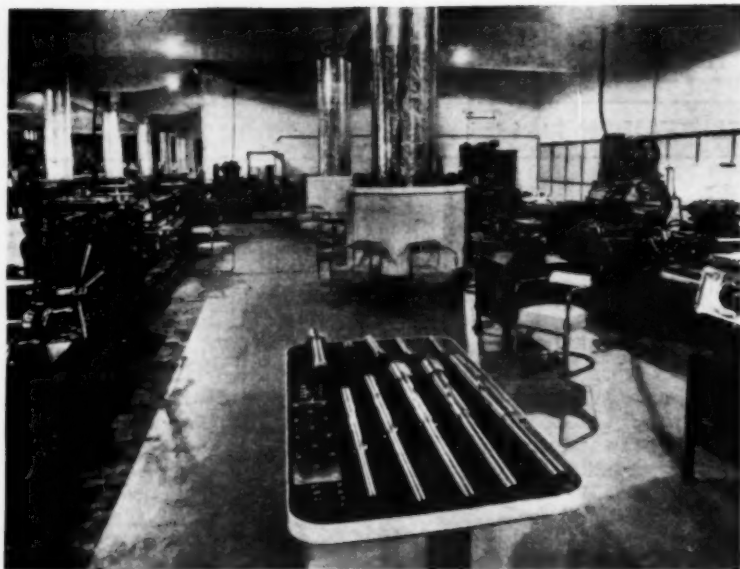
Those who look ahead are watching chiefly the situation created by the existence of billions of excess bank reserves and investment capital looking for a job. This could lead to disaster if another switch in the government's fiscal policy touched off a stampede. Barring that eventuality, the billions can provide the means for a tremendous but still wholesome expansion in business and building.

Neither bank credit nor capital markets have furnished any material part of the recovery to date. It has been on a cash basis, except for government spending. When the trickle once again reaches flood tide, business will start wondering if the restraints provided in SEC and the remodeled Federal Reserve Board will be used to prevent the financial machinery from being exploited again as it was in 1928-29.

Looks Much Like 1924

Significantly, the situation is not unlike that prevailing in 1924. Out of that issued a healthful 4-year recovery—on top of which came the mad 2 years of the boom that accounted for the intensity of the depression.

Meanwhile, business looks ahead to the "breathing-spell" with new hope, and attaches no significance to the fact that Roy Howard's last news beat on an armistice led to the "false armistice" celebration of Nov. 7, 1918.



MACHINE TOOL REVIVAL—After a 6-year lapse, the Machine Tool Show took the center of the industrial stage again this week. Early reports from Cleveland indicate big increases in attendance and in orders before closing time Sept. 20.

Retail Price Puzzle

Bigger markups have helped stores repair depression losses and haven't stopped buying. But now wholesale prices are going up. How much will the traffic bear?

LARGE retailers, department and chain store executives are finding the pricing problem highly perplexing right now. Their sales records show that consumers are buying more freely and becoming interested in better grades of merchandise, that special sales are going over big.

They want to get all the business they can and as much profit as possible along with it; most of them have several lean years to make up for. They feel that public buying and reactions to special offerings indicate that now is the time to make hay. Then comes the question of how much markup the traffic will bear.

They Saw Their Chance

In some large retail establishments markups have been jacked up systematically in all departments for some months, generally in response to casual suggestions from top executives. In other stores buyers found the supplying manufacturers softening on prices when NRA codes were scrapped, and simply decided that this was the time to bolster up their profit showings. They drove a sharp bargain but passed little of it on to the customer. The fact that this procedure did not affect sales has whetted appetites for bigger and better markups all along the line.

Now wholesale price increases already announced and others due in the

near future, are threatening to curtail their chances.

In the textile field small boosts are the order of the day. Wholesale prices of woolsens and worsted goods are up 5¢ to 10¢ a yard and expected to go higher. Cotton goods manufacturers are adding 1/2¢ or more per yard, bed sheets are up 25¢ or more a dozen along with other finished products. Silk goods are following the price of raw silk upward with recent advances averaging 10¢ a yard. Hosiery manufacturers have announced increases of 25¢ to 75¢ a dozen. Draperies, upholstery materials and other yard goods are higher.

Among household goods, furniture, rugs, and silverware have already had advances of 5% or more while large buyers and wholesalers are buying ahead in expectation of others to come.

With leather prices climbing, shoes are costing more money. Retailers attending the semi-annual style show of the National Shoe Retailers Association, just closed, found quotations on spring lines up substantially and some were told that reorders of fall numbers would cost 5¢ to 15¢ a pair more.

Retailers who want to maintain the improved profit showing wonder how well that increase in public buying will hold up if they saddle the bigger wholesale costs with the bigger markup.

The food field has given them food for thought. Meat prices have gone so high that in some cities, housewives have been staging buying strikes, demanding a 20% reduction. The Consumers' Council of the AAA reports that in June, 1935, meat prices were 54% above those of June, 1933, while per capita consumption of meat dropped from an average of 33.6 lbs. during 1924-33 to 27.5 lbs. in 1935. Similarly, Kroger Grocery & Baking Co., with 4,349 stores and next to A. & P. the largest meat retailer, reports that, with wholesale prices up 31% from last year—up 96% on choice cuts of beef since Jan. 1—its retail meat sales have dropped 25% to 28% in tonnage.

Washington Interested

Meanwhile, retailers are keeping an eye on Washington, where Walton H. Hamilton, chairman of the NRA Consumer's Advisory Council, has just ordered an investigation of their prices, and where critics have been heard saying that some retailers have gone too far and too fast in trying to make up for depression losses.

These critics quote the 1934 performance records of some retail groups to prove their case. For instance, a group of 13 department stores in 1934 increased sales 11.3% over 1933, but boosted profits 30.2%. Another group of retail organizations in 1934 topped 1933 sales by 23.4%, but profits by 45.8%. Three women's apparel chains sold 22.6% more goods, but made 87% more profit in 1934 than in 1933.

U. S. Advertises

Government will sell its baby bonds to small-income readers of popular weekly magazines.

SINCE the government sold the Liberty Loans to the public as war drums were throbbing, there has been no magazine or newspaper advertising for Treasury bonds. But now the government is going back into the advertising field to offer its wares, and full pages will soon be blossoming in half a dozen general magazines that reach people with moderate incomes—*Saturday Evening Post*, *Literary Digest*, *Collier's*, *Time*, *Liberty*, and *Today*.

The sales campaign is to be on U. S. Savings Bonds, the little fellows known as "baby bonds," in which the government has had so hard a time working up investor interest. The baby bonds, offered first in March this year, are aimed at small investors. They come in chunks as small as \$25, with interest in the form of purchase price deductions.

Thus far, although the Treasury has even pursued direct-mail channels to merchandise them, the sale has been

indifferent. In 6 months only about \$150 millions have been disposed of, and a good share has gone to larger investors who have been attracted by the 2 1/2% yield, and not to the small investor at whom they were aimed.

The mail campaign was stopped because the Postoffice Department discontinued the practice under which envelopes addressed to "Householder" would be delivered to all addresses on certain urban routes.

divorce themselves either from the security business or from banking. The new store opens under the management of Henry Sturgis Morgan, second son of J. P. and popular banker and yachtsman; Harold Stanley, bond man and utility specialist of the Morgan staff, and William Ewing, one of the railroad bankers of the Morgan firm. "Morgan Stanley & Co." will be painted on the window.

In Philadelphia, where Drexel & Co. stands for Morgan, 2 chips have come off the main block. Perry E. Hall, and Edward H. York, Jr., have resigned from Drexel & Co. and will become executives in the new corporation. Also included on its executive staff will be J. M. Young and A. N. Jones, formerly managers of the bond and statistical departments of J. P. Morgan & Co.

Decision in favor of the first split-up that has occurred in 4 generations of

Morgan—2 for 1

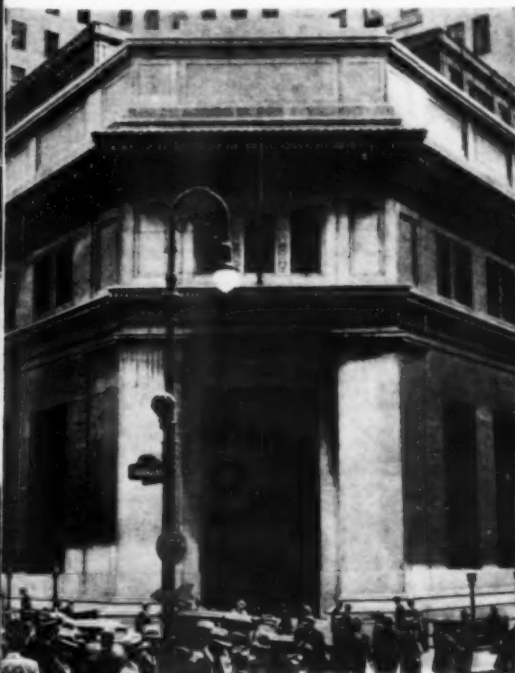
The House on the Corner, which sticks to deposit banking, splits off a securities company and the Street calls it a "bullish" move.

AFTER 1 year and 3 months of existence confined to deposit banking, J. P. Morgan & Co. has announced that the House of Morgan is becoming the Houses of Morgan, by the process of breaking off a young branch, moving it up Wall

Street from the "Corner," and re-entering the Morgan name in the securities underwriting and distribution field.

The main house, J. P. Morgan & Co., steeped in 40 years of internationally important banking and security business under its own name, backgrounded for 70 years before that by the family's banking existence, will continue as it is, a bank of deposit. Of 20 Morgan partners, 17 will remain at 23 Wall St. under the leadership of John Pierpont Morgan, head of the clan since the death of the senior J. P. in 1913.

A block away, 3 partners who have resigned from the parent stem will set up shop in the securities business, from which J. P. Morgan & Co. has been barred since June 16, 1934, when the Banking Act of 1933 required banks to



U. S. World

Keystone

International News

THE HOUSES OF MORGAN—At 23 Wall Street stands the house of Morgan (center), John Pierpont I (above left) built it; today J. P., Jr. (below), guides its banking operations. This week, in the establishment of the new Morgan Stanley & Co.,

headed by son Henry Sturgis Morgan (above right) and partner Harold Stanley (below), the financial world saw an attempt by Morgan interests to regain the securities business which the Banking Act of 1933 forced Morgan to surrender last year.

Morgan bankers is credited to 2 things—failure of the Banking Act of 1935 to allow banks to re-enter the securities business and the growth this year of a \$2 billion volume of new financing in which the Morgans have had no share.

A Tip for the Street

The financial district looked upon the move as both expected and bullish. It was expected that J. P. Morgan & Co., with topnotch facilities and reputation in the underwriting field, would sooner or later divide the firm to make use of its international underwriting contacts. It was viewed as bullish that J. P. Morgan & Co. had decided the proper time had come, indirectly suggesting that good business was in sight.

The new firm will have a paid-in capital of \$7,500,000 in common and preferred stock. Common stock is held by officials of Morgan Stanley & Co. The non-voting preferred will go to certain partners of J. P. Morgan & Co. as individuals, not as a firm.

The capital of J. P. Morgan & Co. in mid-1935 totaled \$25 millions, surplus \$30 millions, deposits \$360 millions, and total resources \$430 millions. Since the world war, during which J. P. Morgan & Co. as financing agent for the Allies handled billions in war materials purchasing and credits, up to its decision in 1934 to become solely a bank of deposit, the firm had an important part in floating \$6 billions in securities, one-third of which were foreign loans.

The present split is not without precedent. Since the 1933 act required separation of banking and securities, such firms as Brown Brothers, Harriman & Co. have split into 2 groups, one remaining in deposit banking and the other turning to underwriting. Kuhn, Loeb & Co., another larger factor in the financial field, gave up deposit banking altogether for the securities business.

Eligible for FHA

Housing Administration publishes guide to what kind of modernization loans it will insure.

IF THE flower box you wish to brighten the library window is permanently glued, tacked, or otherwise built into the house, you may finance it on the instalment plan and the Federal Housing Administration will insure the loan, but if it is merely a loose, wobbly, garden variety of flower box, FHA will have nothing to do with it. This is a sample of the news in the pamphlet which FHA has just released as a guide to the eligibility or non-eligibility of equipment and machinery for modernization credit.

FHA says the list of articles eligible for insured loans is not complete, but

the new pamphlet lays down certain general principles that are not difficult for a prospective borrower or lending institution to interpret.

In Class A, which includes home or business establishments beyond the single-family dwelling and on which the loan limits of \$2,000 to \$50,000 apply, FHA lists classifications of eligibility from abattoir presses to wool-washing machinery, addressograph machines to non-portable wheel aligners, acetylene generators to X-ray equipment.

In Class B, the single-family home, eligible equipment is that related to the home in a manner that will make a complete operating unit out of the establishment. Under this rule, air conditioning and awnings are satisfactory for loan insurance. So also are ironing boards, built-in breakfast nooks, heating and plumbing systems and equipment, weather-stripping, washing, ironing and dishwashing machines, and any kind of ice box or mechanical refrigerator. Musical instruments, furniture, percolators, etc., are ineligible.

Fowl—Strike Two

Washington has new scheme to control bird that killed NRA—and vengeance is sweet.

RELYING, perhaps, on the old belief that lightning never repeats, the Administration is making another attempt to control the New York City live poultry trade which hatched the famous Schechter case that killed NRA.

This time the Department of Agriculture gets the job, operating under a recent amendment to the Packers and Stockyards Act of 1921 which authorizes the Secretary to establish a mandatory licensing system in large live poultry centers where he finds that "various unfair, deceptive, and fraudulent practices" result in losses to the producers and high prices to the consumers.

New York on the Stand

A hearing to determine whether the New York market conforms with these specifications was held Sept. 12. Conditions in 6 or 7 other major poultry markets, with a view to similar regulation, are to be examined later.

If the Secretary finds abuses to be present he is authorized by the Act to impose a licensing system upon all persons in the designated area "receiving, buying or selling, on a commission basis or otherwise, marketing, feeding, watering, holding, delivering, shipping, weighing, unloading, loading on trucks, trucking, or handling" live poultry, except the railroads and packers.

Through his power to refuse, suspend or revoke licenses the Secretary has control over service charges, trade practices and any other factor that has an effect on the producer. Due for immediate scrutiny would be the cost of services rendered and the charges made therefor.

Long before the New Deal, the packers challenged the Packers and Stockyards Act upon the very point—interstate vs. intrastate commerce—that proved so upsetting to NRA. In the case of *Stafford vs. Wallace* (the present Secretary's father) the U. S. Supreme



UNFINISHED BUSINESS—To another man falls the responsibility of disposing of the papers piled high on the desk of the late Senator Huey Long. Radical, liberal or conservative, he will, it is conceded, be less of a problem to the Administration than the assassinated Senator. Thus does the Roosevelt luck score again.



MODEL SLEEPING BAG—A boon for hayfever sufferers, this air-conditioned bed, either single or double, exhibited by the Clark Equipment Co. at the Merchandise Mart in Chicago, guarantees the sleeper a 65-degree, de-humidified atmosphere. Just plug in the wall-socket and pull down the canopy; science does the rest.

Court, on May 1, 1922, ruled in effect that the business of the Chicago stockyards is so predominantly interstate in character that the Secretary is justified in exercising control over its operation, even though a relatively small amount of intrastate business is affected thereby. Bolstered by this decision, the Administration feels that this time federal regulation of the racket-ridden New York poultry trade can be made to stick. It will play safe, however, by limiting

its efforts to those phases of the business that are closely connected with interstate poultry movement, including (1) unloading from cars; (2) auctioning; (3) loading on trucks; (4) transporting to slaughterers. At this point the unfortunate fowl, so far as the Department of Agriculture is concerned, becomes an article of intrastate commerce and whatever else may be done about it no longer concerns the federal authorities.

Retail Labor Feels Its Oats

Department store strike threats fill the air, as abandonment of NRA labor standards gives the Retail Clerks International Protective Association a big opening.

HAVING successfully forced an entrance into the long-impregnable automobile industry, the American Federation of Labor looks now to possibilities in the field of retailing where labor is growing restive under post-NRA hour increases and where a few successful strikes in the past 12 months give the Federation hope for its first white collar conquest.

Although agitation is general, focal point of attack right now is New York City. In the 6 months of its existence, the New York Department Store Employees Union (Local 1250 of the Retail Clerks International Protective Association) hasn't even had time to get its charter framed and hung on the walls of its barren office down on 14th

Street. But under the general direction of Benjamin B. Goodman it has had time to do some effective organizing work.

The local won't talk about its membership in terms of numbers yet, but reports of a 500% increase in the general membership of the Retail International during the past 2 years fail utterly to impress the aggressive Mr. Goodman. Two tangible evidences of the local's strength he will boast about.

(1) A dozen assorted consumer groups have been aroused to support the union's first city-wide mass meeting, scheduled for New York's Manhattan Opera House next Monday evening, to protest increases in department store working

hours. (2) Because of the protest meeting and implied strike threats, retail establishments have altered their plans for hour extensions, scheduled to take almost general effect this week.

Code Standards Dropped

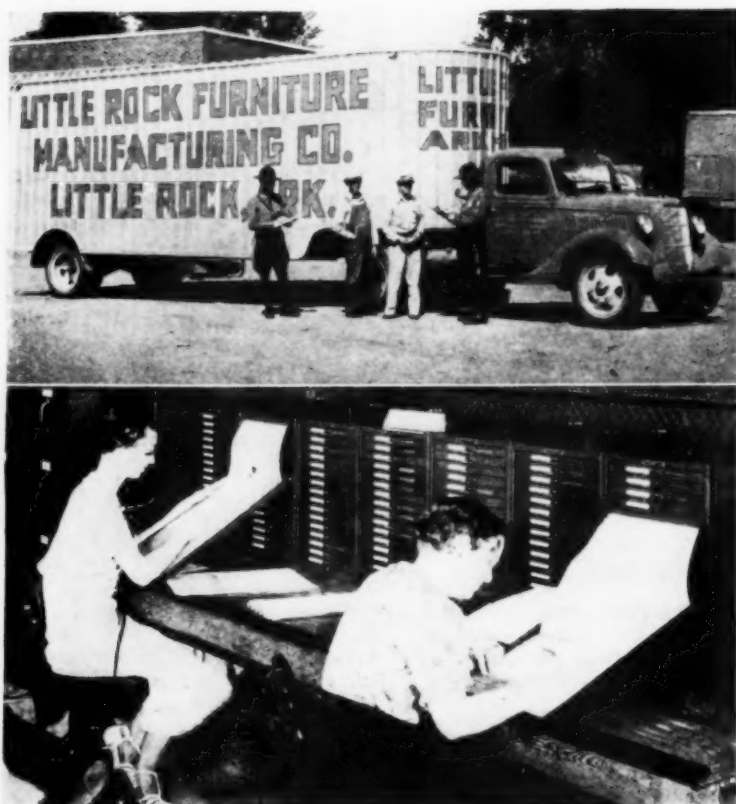
Gist of the union's recruiting appeal is simply that all along the line NRA retail labor standards—none too high even at their best—have been ditched. And this contention is amply supported by data gathered by *Retailing* in a nation-wide survey, particularly in respect to hours. The retail code provided for a 40-hour work week. In more than a score of major cities 45- or 48-hour work weeks, with 52 hours scheduled for December and August sales, have become the vogue. In other cities similar extensions of both store hours and work week are contemplated. In some, notably New York, Cleveland, and Cincinnati, plans are being put into effect only gradually, department by department, because of the threat of union agitation. Hour increases have naturally led to considerable reductions in personnel, particularly of workers employed on a part-time basis.

Although *Retailing* reports that New York wages are holding generally at the \$13.85 code minimum, the union insists that clerks are being hired at wages as low as \$10 a week to replace higher-priced workers, that the code minimum has if anything tended to become the maximum. These wages the union is wont to compare with the WPA minimum of \$16.50 for various white collar workers. Other post-NRA abuses which are grist for the union's mill include restoration of the split shift, virtual abandonment of already inadequate vacation schedules, and increased speed-up.

Musters Consumer Support

These are the facts which Local 1250 is already rehearsing in 100,000 circulars and which it expects to dramatize for the benefit of the general public at the Monday mass meeting. Congresswoman Caroline O'Day and Elinore Herrick, acting president of the Consumers League and former director of the regional labor board, are among the scheduled speakers. Looking toward the development of a consumers' boycott, if and when strikes are called, the union claims it has already lined up the support of such organizations as the Women's City Club, the League of Women's Shoppers, the Catholic Big Sisters, the Y. W. C. A., and the American Women's Association. And with a fine sense of theater, it has already gone after—and got—endorsement of its objectives from such public personages as Helen Hayes, Aline McMahon, Eva Le Gallienne, Mrs. Arthur Garfield Hays, and Heywood Brown.

Biggest sales argument the union has is the record of success scored in all



KEEPING TAB ON TRUCKS—Even if they manage to bypass legal ports-of-entry, truckers who try to evade the Kansas ton-mile taxes aren't safe any place on the state's highways. They are apt to run afoul of police patrols and the complete Kardex records in Topeka. Direct telephone communication between officers on the road and clerks in the capitol make check-ups instantaneous.

previous retail strikes, both in the department store and the chain store field. True, a strike has never led to the signing of a contract for a closed shop, but in every important test the strikers have come out at least better than even. In the big A&P lockout in Cleveland last year, strikers forced a re-opening of the stores, despite threats to move out, and a guarantee of no discrimination against the union. Today, the Retail International, which is concentrating its chain store agitation in Cleveland, has the dubious satisfaction of knowing that A&P, Fisher Bros., and Kroger's are all pretty much worried. In the protracted strike in New York's James Butler stores last spring, employees won every decision before regional and national labor boards before the death of NRA left them with a hollow victory in hand. Now New York labor leaders opine that things are getting ripe for another important strike in the Butler and Reeves chains.

In the department store field, the record can be made to look even rosier for the benefit of potential dues contributors. The 2-month strike at the Boston Store in Milwaukee led to an agreement in January to review wage scales, ulti-

mately resulted in more pay in workers' envelopes. At Ohrbach's in New York City, a 6-week strike led by the Department Store Section of the militant, left-wing Office Workers Union (now merged with Local 1250 of the Retail International) resulted in immediate benefits in the form of pay increases and adjustment of other grievances. Ditto for S. Klein's, just across Union (Red) Square from Ohrbach's. Ditto for dozens of smaller strikes in dozens of smaller stores.

Union Wins on Appeal

Most unexpected rebuff which the retail unions have received was handed out not by a store owner but by a judge, Justice Salvatore A. Cotillo of the New York Supreme Court, who last February enjoined strikers from picketing the premises of R. A. Freed, Inc. (*BW*—Mar 2'35). But 2 days later the International was cheered by another decision which resumed the normal pattern of judicial thought in such cases. The New York State Court of Appeals held that workers of the Wise shoe chain—and, by inference, all white collar workers—had the same legal right to picketing which unions in the industrial field customarily enjoy.

Strike Record

Analysis of 45 labor disputes in northern Ohio shows the box score by causes, organizations, results.

INDIVIDUAL strikes are so skillfully dramatized by both sides that many results are seldom viewed. A complete breakdown of 45 strikes which troubled northern Ohio from 1933 to 1935 discloses a graphic balance sheet of gains and losses. Companies involved were large, small, middling.

Tenacity of management on fundamentals is proven by the fact that in none of the cases involved was the closed shop granted. This demand was made in 15 strikes, a third of the total. The companies were much more lenient on wage increases, allowing them in 16 cases out of 36. Demands on working conditions were conceded in 5 instances of 27. Seniority rights were granted in 13 of 16 demands.

Win Right to Bargain

Collective bargaining was asked in 14 disputes, granted in 12—a reminder of 7a. Further measure of NRA's encouragement to unionization is the fact that only 5 of the labor organizations were in the plants before the Blue Eagle activities. There were 27 company unions among the 45 concerns at the time of the strike. Violence occurred in 73% of the disputes—a lower figure than might be imagined.

Having more organizations than its rivals, the American Federation of Labor led the score for union participation with 51% of the strikes called. The Mechanics Educational Society (skilled machinists) instigated 9%, the I.W.W. 7%, Communists 2%, independents 31%.

Interesting is the discovery that rows involving most workers were generally shortest. Inflamed public interest and resultant pressure from all sides may be the answer. Workers paid dearly for the strikes. Average loss was 25.3 working days, or about a month's income for each employee.

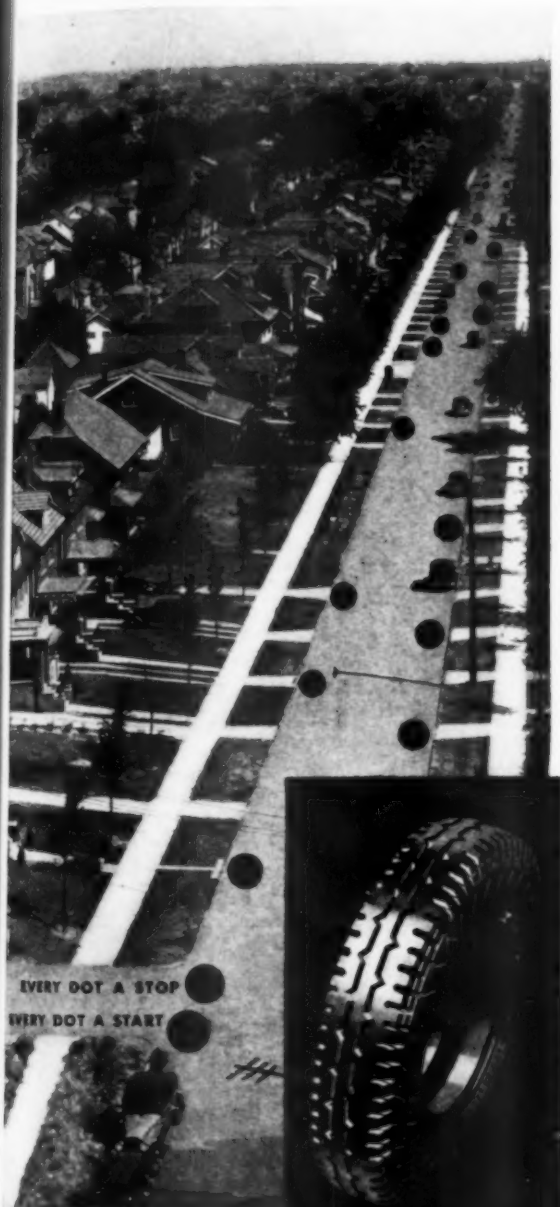
Port Strike Is Off

Union defers New Orleans struggle till other tactics are devised.

THE New Orleans dock strike, called by President Joseph P. Ryan of the International Longshoremen's Association for Sept. 16, was called off in a few hours to let the American Federation of Labor chiefs in Washington devise some new method of settling the dispute. It may go before the National Labor Relations Board. Huey Long's death affects the matter, as Ryan was using political pressure to make Long compel union recognition.

Stop!...and Tires Grind!...Start!

They Grind Again..But a New Goodyear Ends This Scuffing Away of Dollars



NOTE — Neither luck nor accident could account for the fact that for the past twelve years more tons have been hauled on Goodyear Truck Tires than on any other kind. Years of research, experiment and practical experience won this dominant position for Goodyear. Constant vigilance holds it. This page recalls one of the many gripping episodes in the never-ending Goodyear quest for ways to build better truck tires.

TALE after tale has been told of the adventurer who, after years of globe-trotting in search of romance or wealth or happiness, comes home to find it on his own door-step...

In this series of incidents in the history of Goodyear we have gone about the world with the engineers, subduing one enemy of tire life after another... in the muck of the oil fields, on burning desert sands, over precipitous mountain trails, in the strip mines no-man's-land. Meanwhile, the engineers at home were confronted with an insidious tire enemy right on our own well-paved city streets. Thousands of dollars worth of tire life was being scuffed and ground away on delivery trucks in their ordinary daily routine.

What harm could come to a tire on an ordinary delivery truck running on city streets? Nothing much, you'd say... And delivery fleet operators themselves would agree with you. Just normal wear and tear, they thought, as they replaced smooth truck tires after 20,000 or 25,000 miles.

But an engineer is like a youth a-courting. He never accepts the first answer. And Goodyear engineers wouldn't accept "normal wear and tear."

They rode the trucks. They watched the tires. They compared what was happening to those tires, brand against brand. They tore down the worn out tires.

They rode the milk routes, the ice trucks, the department store routes—the laundry trucks, florists trucks, express trucks,

They delivered baked goods and hardware...

Stop... Start... Stop... Start... Six, seven, eight times in a city block! That's what the trucks were doing—all day long. No great speed. Stop... Start... Brake... Accelerate... Stop... Start... Millions of dollars worth of rubber was being scuffed and scraped and ground off the treads.

So Goodyear built the Stop-Start tire—a big money saver in delivery service. Tread is plainer but massive. Shoulders have deep-cut notches to disperse heat. Tread thickness is doubled... You get remarkably slow tread wear—remarkably long tire life—remarkably decreased tire cost.*

Since Goodyear demonstrated to the world that pneumatic truck tires were practical by operating its own intercity truck line back in 1917 and 1918, Goodyear history has been a succession of tire building achievements. Whatever your job Goodyear builds just the right tire for it... And you pay no premium.

More tons are hauled on Goodyear Truck Tires than on any other kind.

*The Stop-Start tire is not recommended where sustained speeds of more than 40 miles an hour are necessary.

...and Today

Goodyear Truck Tires give you:

1. Freedom from Blow-out
2. Long, Even Tread Wear
3. Positive Traction
4. Longer Tire Life

You get those four superiorities because only Goodyear gives you all these features: 1. Patented pre-shrunk Supertwist Cord. 2. All-weather tread. 3. Chemically toughened body rubber. 4. Improved bead. 5. Wide, flatter tread shape. 6. Pima cotton, longest fiber grown.

No other company builds as many truck tires as Goodyear.

No other company builds as complete a line of types and sizes.

Goodyear builds just the right tire for every job—for every purpose.

GOODYEAR TRUCK AND BUS TIRES MONEY SAVERS

© The Goodyear Tire & Rubber Co., Inc., Akron, Ohio

Holding Company Hopscotch

New utilities law apparently disqualifies 13 power systems as now set up, calls for changes in others.

PUBLIC utility operators, and their investors, are studying geography, a subject that has become terribly important to them since enactment of the compromise death sentence on holding companies—important enough to disqualify 13 of the 35 major electrical power systems in their present form.

Organizers of these luckless 13, lacking foresight to anticipate hopscotch rules in federal power regulation, skipped a state here and there in throwing their empires together. That seems automatically to disqualify them under the provision of the Public Utilities Act of 1935 that holding companies may control one or more integrated systems only if all such additional systems operate in one state, in adjoining states, or in contiguous foreign territory.

Penalized for Jumping

North American Company, which is admittedly one of the best, and which supplies current to the White House, jumps from Washington and Maryland to Cleveland. Hence, presumably, it is due for a rejigging. Commonwealth & Southern, with the simplest of capital structures and only 2 major property groupings, has no Kentucky properties to link its northern and southern system and accordingly appears to be on the spot.

All the operating genius of Mitchell-Groesbeck-Inch management in Electric Bond & Share fell down on geography. Bond and Share's 3 big systems, American Power & Light, Electric Power & Light, and National Power & Light, are far too "map-straddling" to pass muster under the new principles of utility operation.

Counted out for straddling, but also for piling up too much of a corporate pyramid, and, in most cases for charging fees, are Associated Gas & Electric, Central Public Service, Cities Service, Standard Power & Light, and Stone & Webster's Engineers Public Service.

Of course, there are other axes to dodge for those who get past the map test. American Water Works & Electric, for all its closely-knit integration, runs 2 layers beyond the new legal limit in the matter of intermediate holding companies. The law says A corporation can control B corporation which controls C corporation. But that is far enough.

5 Need De-Layering

Five of the remaining major systems go beyond that. Even Niagara Hudson Power suffers because of a Bradford, Pa., property outside the confines of New York State, becomes subject to federal regulation unless specially exempt by its new overlord, the Securities and Exchange Commission.

The commission has power to grant such exemptions when operations are predominantly intrastate, but its discretion goes much further in the other direction. Even if a holding company's interests are closely integrated from both a geographical and an operating standpoint, SEC must be convinced that each unit operates more economically and efficiently in partnership with other units than it would alone. That might take some strong convincing before a municipal ownership advocate like J. D. Ross, the new SEC member, could be persuaded.

In addition, the law says that no com-

bination must be too large for local management and effective regulation—another big if.

Those are the hazards that overhang corporately simple, geographically circumscribed systems like Duke Power, Columbia Gas & Electric, Eastern Utilities Associates.

Happy are the Con Gases, Pacific Lighting, and in all 11 major groups that stayed within the bounds of 1 state and hence dodge federal regulation. Commonwealth Edison is on the fringe of this group but partnership in Sam Insull's great Illinois-Indiana State Line Station requires it to seek exemption on account of this incidental violation of the state boundary.

Insull would not have fared too badly, were he still on the throne of his empire. Besides Commonwealth Edison, there is the exclusively Illinois unit, Public Service Company of Northern Illinois, only incidentally a holding company, and the Indiana unit, Midland United, which stays in the home state. Even Middle West Utilities, although stretching over 15 states, from Virginia to Texas, from Canada to the Gulf, leaves no intervening blanks, includes few isolated properties. Middle West receivers have long since cut out the service fees and uphill loans that the new law prohibits.

Using Insull's Pool

American Sheet & Tin Plate Co. signs biggest power contract in Chicago superpower area.

Two years before the crash Samuel Insull, foreseeing a remarkable growth in Greater Chicago, had built up a "superpower pool" in and around Chicago with an available 1.8 millions hp. It's been a headache to his successors ever since. Their problem has been to find

Where "Death Sentence" Seems to Leave Holding Companies

Thumbs Down

(Out because geographically disjointed)

American Power & Light Co.
Associated Gas & Electric Co.
Central Public Service Corp.
Cities Service Co.
Commonwealth & Southern Corp.
Electric Power & Light Corp.
National Power & Light Co.
North American Co.
Standard Power & Light Corp.
Stone & Webster, Inc.
United Gas Improvement Co.
United Light & Power Co.
Utilities Power & Light Corp.

Thumbs Up, If—

(Need corporate structures simplified)

American Water Works & Electric Co.
Middle West Utilities Co.
Intl. Hydro-Electric System
No. American Light & Power Co.
Niagara Hudson Power Corp.

Thumbs Up, But—

(Come under federal regulation)

American Gas & Electric Co.
Columbia Gas & Electric Corp.
Eastern Utilities Associates
Duke Power Co.
Rockland Light & Power Co.
Commonwealth Edison Co.

Thumbs Up, No Ifs nor Buts

(Operate intra-state)

American Electric Power Corp.
Consolidated Gas Co. of N. Y.
Massachusetts Utilities Assoc.
Midland United Co.
Pacific Lighting Corp.
Public Service Corp. of N. J.
Western Massachusetts Cos.
Connecticut Power Co.
Long Island Lighting Co.
Consolidated Gas Electric Light & Power Co.
Pacific Gas & Electric Co.

DISSECTING 35 HOLDING COMPANIES—SEC's discretionary powers will play a part in the ultimate unscrambling of the electric utility systems under the compromise death sentence in the new law, but apparently cannot permit geographical diversi-

fication (Col. 1) or corporate structures beyond 3 layers (Col. 2). More closely knit, simpler setups (Col. 3) will stand or require remaking according to SEC's will. Only intrastate units (Col. 4) are entirely out of the commission's reach.

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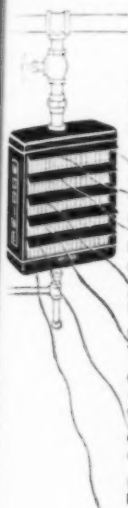
nte)
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SS WEEK

More Modines ARE SOLD...
THAN ANY OTHER *Unit Heater*



Among the hundreds
who have modern-
ized with Modines are

Murray Corporation of
America, Detroit, Mich.
Titanium Pigment Co., Inc.,
New York, N. Y.
Prophylactic Brush Com-
pany, Florence, Mass.
American Lead Pencil Co.,
Hoboken, N. J.
Lerner Stores, Inc., New
York, N. Y.
Champion Spark Plug Co.,
(Ceramic Division), De-
troit, Mich.
Chicago Pneumatic Tool
Co., Chicago, Ill.
H. J. Heinz Company,
Pittsburgh, Pa.

● In banks, restaurants, factories, garages,
warehouses, stores, small shops—every-
where—heating is being modernized
with Modine Unit Heaters.

Radiator or pipe coil heating is obso-
lete for large space heating—because it
is both inefficient and wasteful. Modine
Unit Heaters not only heat faster and
distribute the heat evenly—but actually
save from 13½ to 25 per cent in fuel
costs. And this fuel saving alone will
pay for the whole cost of replacement
within a few years.

It costs far less to install Modines than
other unit heaters—because Modines
are suspended directly from the steam
line. Material costs are less—and the in-
stallation is made in quicker time, with
less labor.

This and other exclusive mechanical
features explain Modine superior heat-
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MODINE MANUFACTURING COMPANY

HEATING, COOLING AND AIR CONDITIONING EQUIPMENT FOR INDUSTRIAL, COMMERCIAL AND DOMESTIC APPLICATION

SEPTEMBER 14, 1935

15



All Howard Hotels now IRON FIREMAN equipped

ONE Iron Fireman sells another. The experience of James T. Howard, President and Managing Director of 3 well-known Washington, D. C., hotels explains why. He bought his first Iron Fireman automatic coal burner equipment in 1931. It cut fuel costs 53%. In 1933 he made his second Iron Fireman installation. It cut fuel costs 35%. In January 1935, he bought his third. It is yet too early for a cost comparison, but Mr. Howard knows already that his average saving of 44% is being maintained. Beside this remarkable fuel cost saving, these hotels now have more even temperature and better heating; they enjoy greatly increased cleanliness and freedom from smoke nuisance.

The possibility of large direct cash profits from fuel cost savings is of vital interest to anyone who pays fuel bills. Iron Fireman engineers will analyze, free, any heating or power boiler or residential heating plant and render a dependable estimate showing the percent which present costs may be reduced and betterments which may be expected from an Iron Fireman installation. Iron Fireman Manufacturing Company, Portland, Oregon; Cleveland, Ohio; Toronto, Canada. Dealers everywhere.



Plaza Hotel—Iron Fireman installed in January, 1935.



New Colonial Hotel—Iron Fireman burners cut fuel costs 33%.



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3056 W. 106th Street, Cleveland, Ohio.

Type of plant:
☐ Send literature ☐ Commercial ☐ Power
☐ Please make firing survey ☐ Residential

Name _____

Address _____

an outlet for something near this capacity. It's working out to the advantage of large power users.

American Sheet & Tin Plate Co., subsidiary of United States Steel Corp., which is spending \$20 millions to modernize and expand its plant at Gary, Ind., has found it can get some of this excess power at less cost than its own production, and so has contracted for an always available capacity of 25,000 kw., or about 33,000 hp. This is believed to be the largest individual industrial contract ever made in the Chicago area.

3 Companies Share

Its contract has been placed with the Northern Indiana Public Service Co., which is connected with Commonwealth Edison Co., Public Service Co. of Northern Illinois, and Western United Gas & Electric Co. in the Chicago "power pool." All were formerly Insull companies. The "pool" power is transmitted from one to another, as needed.

American Sheet expects to consume about 100 millions kw. a year, perhaps more if business picks up, adding a tidy sum to Northern Indiana's gross. But its profit margin is probably small, because of the imperative need to dispose of surplus power, even at a cheap rate.

Smaller privately owned plants have been giving way to "pool" power. Edison added 36,834 kw. of power load and 20,544 kw. of lighting load in 1934, including the combined load of 6 private plants. In 1933, it added 39,730 kw., of which 30,665 kw. was power load.

A Corner Turned

Pacific Coast utilities reach all-time high in power production. Appliances are merchandised in unique way.

PACIFIC Coast electric utilities, scanning figures this week covering recent operations, found that August power production reached the highest point ever achieved in any month. Despite the slow early months of 1935, all major units are expected to show earnings increases at the end of this year over the past few years.

There has been a notable improvement in sales of load-building appliances. Two factors are credited: (1) intensified selling under a unique co-operative dealer-utility plan; (2) housing improvements through FHA.

Here is the dollar value of appliance sales for July, expressed in percentage change from same month last year: in Los Angeles, +37.5; San Francisco, +130.3; Pacific Northwest, +153.6; twelfth Federal Reserve District, +69.4. Refrigerators led all other items in sales, followed by washers and ironers.

The unique feature of the Coast electrical appliance business is that manufacturers deal with organized merchandising societies. Using the utility sales organizations as a nucleus, the wholesalers and electrical retailers have been formed into a cooperative group, controlled by the retailers. They plan a series of business-getting drives extending over the whole year, groups of appliances being selected in accordance with seasonable factors favorable to them. The advertising funds of these 3 component parts of the society are pooled, and their advertising is supplemented by other forms of promotion.

Production of power in California in the past few weeks has averaged 6% above that in the same weeks last year in the northern part of the state, 11% in the southern. The elimination of power demands for irrigation pumping this spring, due to the prolongation of the rainy season, caused production early in the year to run behind 1934. June, however, saw a definite turning point.

Detroit Gas Deal

Motor city to get natural gas from Texas after long fight. Michigan producers, oil and coal dealers are worried by new competition.

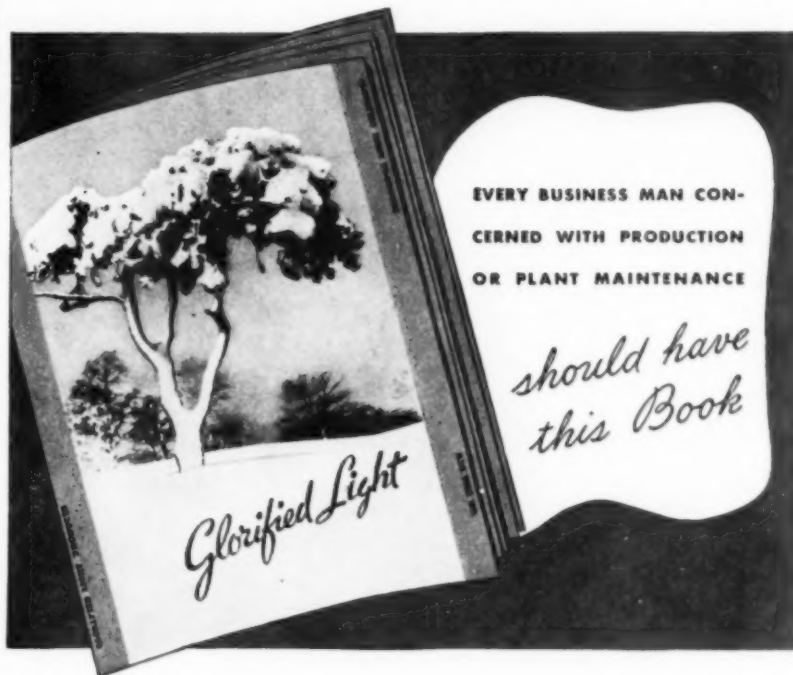
DETROIT, long seeking natural gas for its industries, is to have available 90 million cu.ft. daily beginning next July. Detroit City Gas Co. has closed a contract with Panhandle Eastern Pipeline Co. (Columbia Gas subsidiary) to bring in Texas natural gas, the latter to spend \$18 millions to extend pipelines 300 miles from Dana, Ind., to Detroit. Financing will delay start of construction until January.

High rates have kept down industrial consumption of artificial gas at Detroit, now averaging 50-55 million cu.ft. a day. Introduction of natural gas is expected to boost volume immediately to 75 million cu.ft. (divided equally among domestic and industrial users). Rates will be lowered, with greater heat value of natural gas being considered; the Detroit City Gas contract is said to call for wholesale rate under 35c. Surveys show a potential market in metropolitan Detroit for 230 million cu.ft. a day.

Detroit's officials have tirelessly attempted for years to get natural gas, which is used at Toledo only 60 miles south. For reasons never fully explained, Columbia and Detroit City Gas have not got together until recently, the latter claiming Columbia wanted too high rates. Five years ago Northern Natural Gas Co. proposed to bring Kentucky natural gas to Detroit, was bought out by Columbia.

With the Roosevelt Administration cracking down on utilities, Detroit saw

THE High Cost OF Low VISIBILITY



an opportunity in the last year to force the hand of Columbia. Councilman John W. Smith took the issue to Washington, got the federal government to start suit against Columbia charging it with failure to market full capacity of its Panhandle pipeline and ordering it to divest itself of the Panhandle company. Detroit City Council, continuing its maneuvers, ordered a vote at the Oct. 8 primaries on a plan to issue bonds and acquire a municipal gas plant, also began to negotiate independently with Panhandle to buy and distribute natural gas in Detroit. This attack along 2 fronts brought the agreement between Detroit City Gas and Panhandle.

Michigan Producers Fearful

Michigan natural gas producers would muster only a Bronx cheer for the new arrangement. They feel that they will be permanently crowded out of the Detroit market whenever out-of-State interests get in. However, their daily output is now only large enough to furnish cities closer to the central Michigan gasfields than Detroit. If the volume should grow so that a steady flow can be supplied, Detroit City Gas stands willing to contract for it.

Fuel oil will suffer most from the city's new gas deal. Coal dealers fear the effects, too, although a growth of industries may limit their losses.

California Victory

Standard Oil of California wins right to market Bahrein oil.

FREQUENT and bitter are the battles between the world's great oil powers—headed by Britain and the United States. Latest skirmish occurred a few weeks ago in the Bahrein Islands, 230 square miles of sweltering land detached from parched Arabia only by a few miles of water in the Iranian Gulf. Britain claims a benevolent protectorate over the islands, has no further interests there. Standard Oil of California geologists, snuffing around the Gulf a few years ago, picked up the scent of oil, asked for and received a concession, sank wells and have developed an output of 1 million barrels since 1931.

However, British interests control the market outlets in this part of the world. Standard of California found it impossible to dispose of its Bahrein output in the neighborhood, too expensive to deliver it in the United States for refining, so finally threatened to set up its own marketing organization to handle the oil. This brought action. Competitors—Royal Dutch Shell, Standard Oil of New Jersey, and Anglo-Persian Oil—agreed to take the bulk of the output to keep peace. The recent flurry in Ethiopia proves, however, that much bigger oil battles are still ahead.

TO THE widespread study of the relation between efficient seeing of workers and the cost of doing business, the Paint Division of the Pittsburgh Plate Glass Company has given active co-operation.

The result is a complete line of interior finishing materials designed to provide a maximum use of available natural and artificial light. These finishes are known as "Glorified Light Products." All are so constructed as to convert raw light economically into useful light, through the medium of proper diffusion in the highest attainable degree.

The fascinating story of these products, and their significance to business and industry, are contained in the book pictured here. Every business man concerned with production or plant maintenance should have a copy of "Glorified Light" in his files. It is free for the asking.

When you read the book you will understand why, to accomplish the

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Paint Division

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These systems represent an important contribution toward lowering the cost of doing business. Send the coupon today for your copy of "Glorified Light."

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Please send me a copy of your new book, "Glorified Light."

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FHA CHANGES HANDS—"With the greatest reluctance" President Roosevelt accepted the resignation of Federal Housing Administrator James A. Moffett. Not so reluctant was Mr. Moffett (right) to transfer to Stewart McDonald (left), new FHA head, the responsibility for financing \$60 millions of loans monthly.

PWA Loses Out

Ickes is burned up because Hopkins has vetoed three-fourths of his applications and has stalled new PWA projects so they can't get started before snow flies.

WASHINGTON — (*Special Correspondence*) — BEHIND the row between Harold Ickes and Harry Hopkins, one definite fact emerges—that Hopkins has managed to stall Ickes' projects so long that PWA is now practically through as far as 1935 expansion is concerned.

No matter what further shifts of policy President Roosevelt may make, as he is pulled this way by Ickes and that way by Hopkins, it's too late to give PWA an effective share of the new work-relief money this year. There isn't time enough for any but the simplest projects to be got under way so as to take 3,500,000 men off the relief rolls before the snow flies.

Back to CWA

So it seems that the \$4 billion work-relief program must irrevocably assume the essential form of Hopkins' old Civil Works Administration—a flimsy substitute for direct relief. The heavy industries, which would have profited by a genuine public works program, are left out in the cold.

The reason for all this is that Roosevelt put Hopkins in the strategic position of passing on Ickes' applications.

Ickes gruffly asserts that there is

nothing in the President's executive orders which gives anybody (meaning Hopkins) the right to veto the projects of any other division. All that is contemplated, he says, is that certain information should be annexed by WPA with reference to employment, before WPA forwards the applications to the allotment committee.

Thus, for example, Hopkins might attach a memo to one of Ickes' applications, saying there isn't enough relief labor for the job or that man-year cost is too high. Then the committee would return the application to Ickes, pointing out the objection.

But that isn't what's happened. Instead Hopkins has contrived to derail three-quarters of Ickes' projects completely. Ickes' man-year costs aren't too high. Roosevelt ruled some time ago that the average figure for the entire work-relief program should be \$1,140 per year. The average man-year cost of PWA projects rejected by WPA is \$958, computed on the basis of the federal government's 45% grant to the applying municipality. Nevertheless the PWA projects haven't got by.

Hopkins says Ickes' projects are too slow in getting started. Ickes and his

men, all of them boiling mad, say Hopkins' tactics have caused the delay.

The allotment committee is to hold its final meeting Sept. 17. Hopkins has promised to get the 3,500,000 employable persons off the relief rolls by Nov. 15. To do that he'll almost surely have to order a last-minute approval of all sorts of makework jobs.

And meanwhile those PWA projects that may finally be approved won't have a chance to get really started this year.

Steel Row

Mills that ship blanks instead of sheets are losing friends among the stamping companies.

STAMPING manufacturers and flat-rolled steel mills are at odds over the latter's growing practice of installing press equipment and blanking sheets at the mill, blanks instead of full-sized sheets being shipped to users. The former's feelings have been further ruffled by the way in which a few stamping companies owned by mills have underbid independents on large orders.

The idea of having blanking work done at the mills instead of at consuming points originated in the automobile industry. Otis Steel was one of the first to secure business by shipping only blanks, the cost of the scrap being saved both coming and going. Other mills adopted the practice, many claiming that they were doing it in self-defense to keep from losing valuable customers. Mills which thus far have done no blanking are wavering, hope perhaps to capitalize by picking up extra tonnage from stamping companies which are switching away from steel makers operating their own presses in order to express their disapproval.

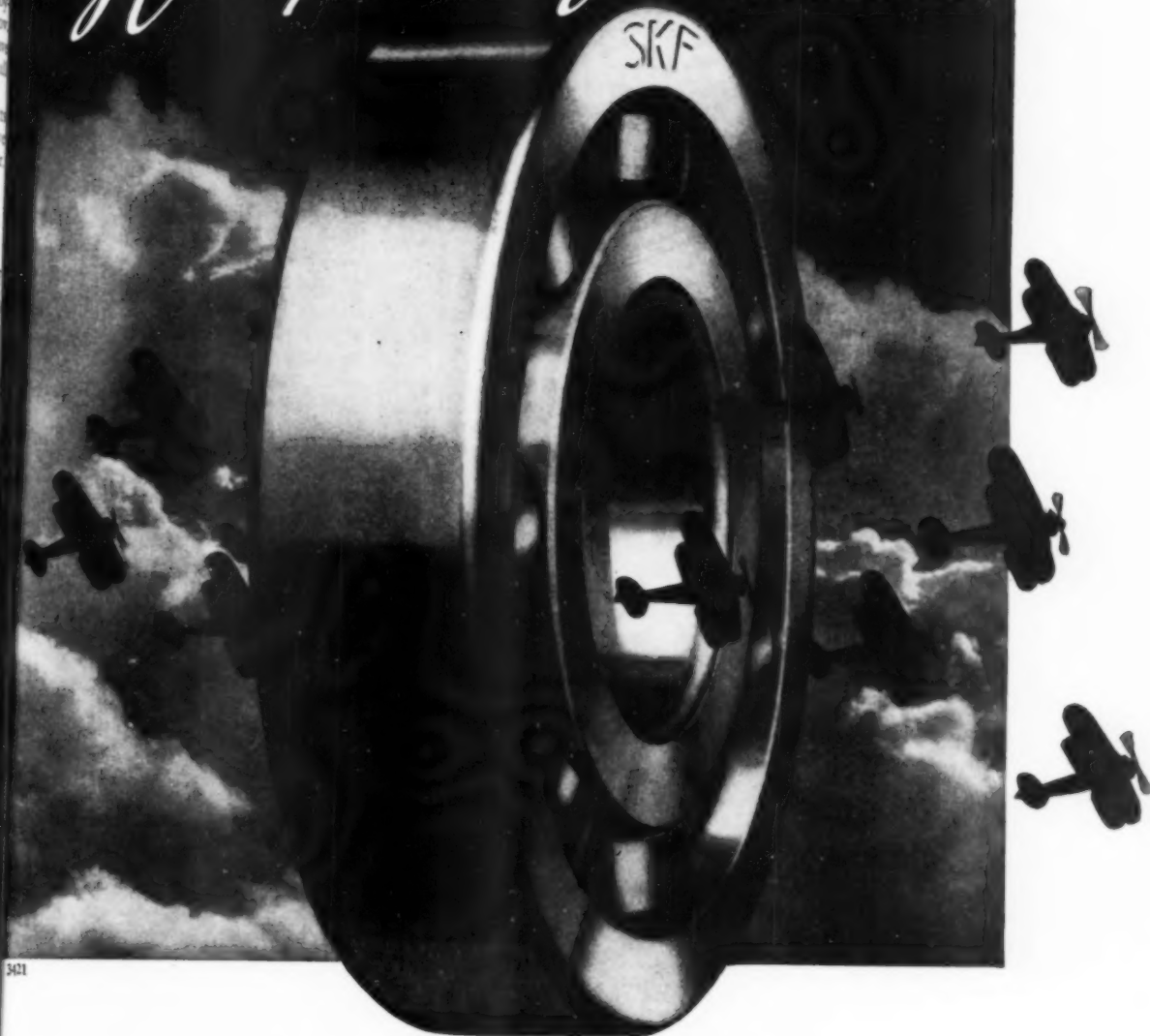
Double Attack

Several steel makers have gone into the stamping business, thus obtaining tonnage for their mills. These mills have been under fire for 2 alleged offenses—(a) their fabricating subsidiaries are in direct competition with stamping companies which are customers, (b) principal aim of such subsidiaries is to get tonnage for the parent company, hence prices frequently are unduly cut.

Most steel mills appear to look dubiously on the recent development of blanking. They are afraid it is the start of something that may get out of hand, yet the trend toward selling "blanks" is increasing. The main hope lies in the fact that blanking at the mill is impracticable except for certain work, such as volume production of a single part for an automobile. Mills which have gone into blanking, but remained out of the stamping business, answers criticism of stamping concerns by pointing out that

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SKF

BALL AND ROLLER BEARINGS

SEPTEMBER 14, 1935

19

they are doing no actual "forming" of the metal, that the customer still must do this for himself or have it done outside.

With competitive conditions becoming more intense, steel companies are doing everything possible to make sure of regular outlets for their products. If they don't possess such outlets, they are moving rapidly to secure them. Recent examples are Republic Steel's acquisition of Truscon Steel and Inland's purchase of Joseph T. Ryerson & Sons. In the latter case, Ryerson markets as a jobber 75% of the products which Inland can make.

Cooperation Profits

Lumber Association's venture into business makes good.

THE depression kicked the lumber industry into the successful cultivation of an accessory industry. Feeling the need of giving the lumbermen substantial proof of the value of organization benefits, American Forest Products Industries, associated with the National Lumber Manufacturers Association, undertook 2 years ago to go into business for the industry. It took a device—timber connectors, metal gadgets used to pin timbers together in construction, long known in Europe but ignored in the United States—obtained patent rights and set out to make a self-supporting business of the sale of connectors and, at the same time, broaden the demand for lumber in heavy construction (*ENR*—Mar 1 '33).

The new project paid. Despite the fact that the lumber industry has recently been at the lowest ebb in its modern history—for 60 years—the Timber Engineering Co., which is the corporate form the common-interest project took, has sold 2½ million connectors (paying its own way), and has thereby created a market of over 200 million feet for lumber manufacturers.

Tested by Hurricane

Incidentally, timber connectors have proved of great utility in developing fabricated housing structures. Comparatively little has been said about mass production of lumber-built houses, but CCC camps now have 7,000 sectionally made, demountable and portable lumber houses. After CCC retires from the field these houses can be taken down and stored away for future use, such as an army mobilization. Many wood-built CCC structures were in the path of the recent hurricane in the Southeast, but not one of the structures in which connectors were used or which were otherwise built in accordance with designs and plans furnished by the National Lumber Manufacturers Association suffered any serious injury.

Coal Peace Troubled

While National Coal Association makes gesture of assent to Guffey Act, many operators start the expected test suits.

WHEN the National Coal Association last week voted to "tender the good offices of the Association to the agencies of the government charged with the administration of the Guffey Coal Stabilization Act" it sounded like peace in the soft coal field. But the Carter Coal Co., one of the West Virginia operators, had filed a suit in the Supreme Court of the District of Columbia against the bituminous coal conservation program. And on top of that, 16 operating companies in Harlan County, Ky., filed a test suit in the federal court at Louisville.

Kentucky and West Virginia operators, and part of the Pennsylvania operators also, are largely opposed to the act. The announcement of the National Coal Association is largely a polite gesture now that the Guffey scheme has been enacted.

However, much of the early threat of the new setup was shucked off in the legislative mill and the drift back towards pre-code profitless prices and practices, started some months ago, has begun to hurt. Operators are anxious to know whether Congress has or has not the constitutional power to regulate the coal mining industry—and if so what can be made of it. Many of them want some kind of regulation.

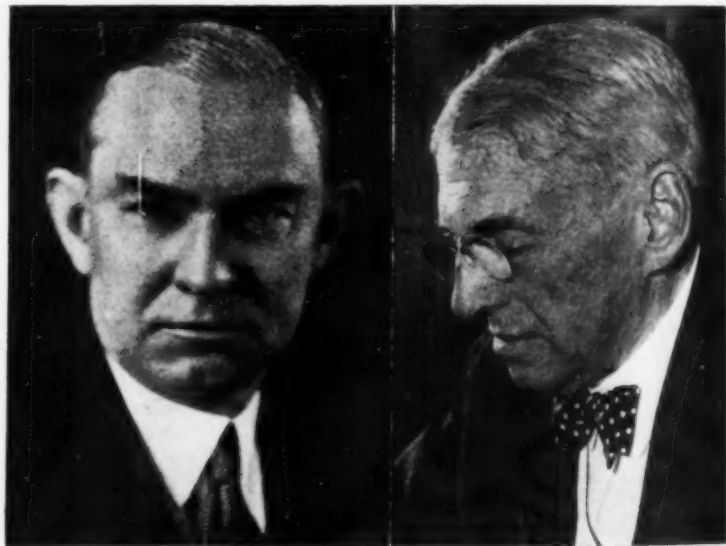
Meanwhile, as the Guffey Act provides no authority to control production, the national Bituminous Coal Commission faces a difficult task in fixing minimum prices for coal. Months will be required to determine all the elements of cost—including wages, when agreed upon—which, under the law, must be included at any price fixed.

Storedoor Service

National pickup and delivery of rail freight awaits truck regulation. Meanwhile, Pennsy adds a C.O.D. plan.

A UNIFIED plan for establishing rail freight pickup and delivery service on a nation-wide basis was debated at a meeting this week of the traffic advisory committee of the Association of American Railroads. Inaugurated by the Pennsylvania, Erie and several other roads in December, 1933, storedoor service has expanded as individual roads have seen its advantages in capturing less-than-carload freight from the trucks. However, no action on establishment of a universal service is likely until the ICC has set up regulation of truck rates and services. Western roads have been pushing their own plan for door-to-door service but are likewise waiting on ICC regulations governing truck operation.

Pennsylvania supplemented door-to-door delivery, which now accounts for 25% of its less-than-carload traffic, with a C.O.D. service Sept. 1. It is ad-



Underwood & Underwood

WILL GUFFEY ACT BE SCHECTERED?—The NRA was rushed to the axe when Frederick H. Wood (left), New York big business lawyer, perceived the weakness of the government in the Schechter case and decided to make a test of it. He offered his services to the Brooklyn poultry dealer and won a smashing victory. Now, representing the Carter Coal Co., he has brought suit before Chief Justice Alfred A. Wheat (right) of District of Columbia Supreme Court to knock out the Guffey coal act. Kentucky operators have also filed a test suit.

Wide World

Suffey Act pro-
control production.
Coal Commis-
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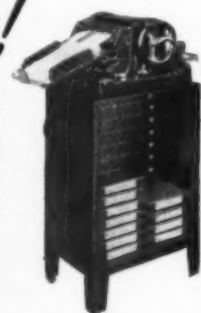
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vertised to medium and small business establishments as a means of extending their sales area without taking credit risks. Charges are moderate and the service is available at 2,000 points on the Pennsylvania system where store-door delivery is made and at many points on affiliated lines.

"Peddler Cars"

Wholesale grocers complain that special rail service encourages manufacturers to ship direct to cream of the trade, helps chains.

Up in arms because partial unloading-in-transit privileges granted by the railroads are giving chain stores and other big retail outlets the benefit of carload rates on less-than-carload shipments, the U. S. Wholesale Grocers Association is investigating the extent and effect of the practice.

Truck competition is responsible for this as for other new railroad services. The wholesale grocers claim that the practical result is to encourage manufacturers to ship direct to good credit risks, leaving the local wholesaler to supply merchandise to the merchants on the shady side of the street.

The complaint against the "peddler cars" is involved in a case now before the ICC relating to the shipment of canned goods from eastern territory.

While the wholesalers have intervened in opposition to the extension of the partial unloading-in-transit privilege to chain stores, they are joining with chains and manufacturers to protest to the Shipping Board Bureau against increases in intercoastal rates on canned goods, dried fruit and other food products, filed by the steamship lines to become effective Oct. 3.

Record Repackaging

Norton abrasives make their first family bow at Machine Tool Show.

BACK in 1823, Isaac Pike began selling scythestones made from the rock which he quarried in the White Mountains. Fourteen years later, when his scythestones had won a reputation far beyond the borders of his native New Hampshire, Isaac began to paint their ends red. Somehow, a trade name for them just grew: the P-Pike Fish scythestones. For generations, despite mergers, the name and the red tip hung on, a symbol of quality in the hardware trade.

This month the Norton Co., world's largest manufacturer of grinding wheels, which now markets the old Pike line of natural scythestones, is trying to establish a new hallmark of quality for them by identifying them with the complete



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FLAT AT 5 MILES A MINUTE—Sir Malcolm Campbell examines the left front tire that blew out on his *Bluebird* just as he reached the end of the measured mile in his first 304 m.p.h. record run over the Bonneville Salt Flats last week.

line of Norton and Behr-Manning abrasives.

Since the merger, 3 years ago, of these principal companies in the field, there has been no attempt to unify the line. Both Behr-Manning and Norton have continued to sell their products as they had previously done, with no confession of kinship. Now the complete line, involving some 200 prod-

ucts and more than a thousand different packages, has been redesigned.

The new family package, developed and adapted by Arthur S. Allen, made its bow this week at the Machine Tool Show in Cleveland. The repackaging job, largest in the hardware field and second largest on record, also involved the creation of special counter displays, cartons, shipping boxes, and labels.

For Better or Worse?

Wall Street arbitrators have puzzling question: can a buyer back out of a "when-issued" security deal if the corporation files for bankruptcy?

WALL Street this week was patiently awaiting an answer to a question that has plagued the brokerage fraternity for the better part of a year: just what is the status of buyer and seller of "when-issued" securities in the event that enough things go wrong with the issuance of the proposed security to make either a buyer or seller protest that a contract is nullified?

Three arbitrators hold the answer. They are Richard Whitney, former New York Stock Exchange president, T. H. McInerney, president of National Dairy Products, and Arthur Ballantine, former assistant secretary of the Treasury, now a member of Root, Clark, Buckner and Ballantine (Elihu Root's law firm). They were appointed by the American Arbitration Association to

hear a test case prepared by the Association of Stock Exchange Firms.

The specific problem that is worrying stock exchange members is whether, when you bought or sold Alleghany \$2.50 prior preferred stock on a when-issued basis in 1934, you did it for better or for worse. Originally the Alleghany Corp., which is the apex of the Van Sweringens' railroad structure, tried to duck the sheriff's hammer by asking bondholders to assent to a plan of recapitalization involving issuance of the disputed preferred. It made a straight non-complicated offer to be accepted or rejected by Dec. 1, 1934.

Then along came 77-B and presented an out for Alleghany, which took to the courts under 77-B, a day or two before Dec. 1, and declared the recapitalization

plan in effect subject to court approval. After this was granted, the new stock was issued, and those who had bought were tendered delivery.

"Not According to Plan"

About 85% of the open trades in the stock were closed out in due order, but 15% were not. These are still open, with 32 stock exchange houses protesting settlement of trades involving \$500,000. The stock, protesters said, was not issued according to the original plan, since buyers were originally under the impression that they were buying into a solvent corporation, not into one that had filed for bankruptcy. The protesters argued that the plan was thus changed, and delivery was not good.

Sellers, who wanted to deliver, since the market value of the shares had dropped appreciably, replied that the plan was not changed, that bankruptcy proceedings had actually benefited the company and the buyers of the preferred stock. The New York Stock Exchange would not rule on the matter because trading had not been done under its roof. The Produce Exchange, where the "when-issued" dealings were transacted, was reluctant to rule. The over-the-counter market had no ruling to offer.

Arbitration Ruling Due

The stalemate continued until the Association of Stock Exchange Firms took up the matter, decided it should be arbitrated, and with the approval of both sides, carried the problem to the American Arbitration Association. The arbitration is now drawing to a close.

The American Arbitration Association provides impartial arbitrators from its panel of 6,000 public-spirited citizens, who serve without compensation in order to advance the cause of quick, inexpensive, and confidential settlement of business controversies. The arbitrators' findings have the force of law, because the disputants agree to this before arbitration begins. A varied list of trades uses the association's facilities, from the fur and garment trade to warehouses and theater groups.

Farm Savers

THE kantankerous state of Kansas has a habit of doing things its own way and to heck with national trends. As witness its balanced budget and its adherence to prohibition. In the farm mortgage field it employs an original rescue mechanism. Each of the 105 Kansas counties has a committee of "farm savers." Members are bankers, business men, lawyers, farmers. When a farm is threatened with foreclosure the committee gets the farmer and mortgage-holder together, negotiates a reduction of the debt.

Sam Edwards (a successful farmer with no mortgages growing in his fence corners) directs the committees. The organization boasts the stoppage of 3,160 foreclosures in the past 2 years with no failures. It raises the eyebrow at Missouri where mortgage troubles found recent expression in doubled fists and axe handles.



"Electro-Sheet" Copper being applied to roof of Lewisohn Stadium, New York.

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COPPER-ASPHALT BUILT-UP ROOFS reduce industrial roof maintenance

Commercial production of electro-deposited copper in wide, thin sheets of unlimited length ...and at a moderate cost...has made possible the construction of a more durable type of built-up roof by combining the copper with alternate layers of asphalt.

"Electro-Sheet" Copper is water-proof, rust-proof, lasting. Weighing only two ounces per square foot, the impervious copper prevents deterioration of the "under-coats" of asphalt, which retains its original pliability.

Installations in various sections of the country have revealed: the ease with which "Electro-Sheet" can be applied; the tight bond between the copper and the asphalt; and the exceptionally smooth surface of the finished roof. There

is every indication that these roofs will last indefinitely with a minimum of maintenance!

The detailed story of Anaconda "Electro-Sheet" Copper for built-up roofing is contained in our new booklet, Anaconda Publication D-2. Write today for your free copy.

And FHA's new, enlarged scope now provides for insurance on loans up to \$50,000 for the improvement of industrial and commercial property. If you are interested, we will supply complete information.

THE AMERICAN BRASS COMPANY

General Offices: Waterbury, Connecticut

Offices and Agencies in Principal Cities



ANACONDA COPPER & BRASS

Federal Air Purge

FCC launches vigorous reform move, and FTC establishes stipulation and waiver system for broadcasters.

UNDER the direction of its crusading chairman, Anning S. Prall, the Federal Communications Commission has served notice that it will continue to play an active rôle in cleaning up food and drug advertising despite objections that it is exceeding powers granted it in the Communications Act of 1934.

Currently, the Commission is moving vigorously against Congoin, a South American maté drink distributed in the West and advertised exclusively over the air. To its usual request for transcripts of questionable broadcasts, the Commission has added a demand for names and addresses of distributors and dealers, for copies of the product's formula, and for all labels and other printed advertising material, in addition to a sealed package of the product itself.

Stations Refuse Programs

Protests have been filed by Arthur W. Scharfeld, attorney for various broadcasting interests, and by Edward S. Woolrich, president of the Congoin Co. in Los Angeles, who complained to the Federal Trade Commission that FCC's action had already resulted in a refusal by skittish radio stations to accept Congoin advertising any longer.

In its broad franchise to see that radio stations serve the public interest, convenience, and necessity, FCC has a bigger club with which to belabor noxious food and drug products than either the Food & Drug Administration, whose jurisdiction does not embrace advertising and whose suits must establish fraud as well as falsity, or the Federal Trade Commission, which can only prefer complaints on a charge of unfair competition in interstate commerce.

In the radio field, if FCC doesn't like the products that are advertised over any station, or what's said about them, or how the announcer says it, the Commission has absolute power to refuse renewal of that station's license when it automatically comes up every 6 months.

Marmola First to Fall

Shortly after his appointment last Spring, Chairman Prall provided advertising reform enthusiasts with an excellent case study of just how effectively that club could be used. On May 21 he ordered 21 stations—among them some of the nation's biggest—to appear before him to "prove that their continued operation will be in the public interest." All 21 of them carried advertising for Marmola, thyroid fat-reducing product which in its checkered court career, ending ultimately in the Supreme Court, had always managed to come out one jump

ahead of both the Food & Drug Administration and the FTC. In little more than a month after the FCC order, all 21 stations dropped the Marmola program, and 600 other stations throughout the country had had their object lesson.

FTC's Big Crack-Down

Not to be outdone, the ambitious Federal Trade Commission, which still hopes to be picked as advertising's czar when the new food and drug bill is finally translated into law, has also focused its attention on the field of radio where easy victories can be scored. Last year it required all stations to furnish a complete 6-months file of broadcasts and warned that transcripts of all future broadcasts had to be kept on hand ready for inspection at any time. Since then it has forced many radio advertisers to toe a high ethical mark. Recently, for example, it compelled General Foods to stop casting reflections on the freshness of coffee packed in bags—a note which had crept into the Maxwell House broadcasts since Chase & Sanborn stopped packing its product in cans.

Fortnight ago, at the insistence of the National Association of Broadcasters, FTC set up a "stipulation and waiver" system for radio stations similar to that which newspapers and magazines can

avail themselves of when FTC starts after their clients. Under this system the broadcaster signs a stipulation admitting the broadcasting of the advertising in question, waives the right to defend the copy, and agrees to abide by FTC's decision in so far as future broadcasts are concerned.

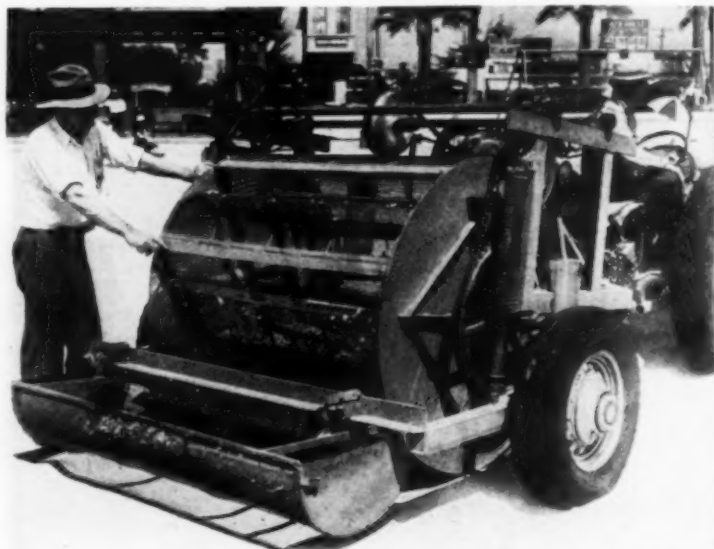
Broadcasters figure that if there is any unity or coherence in government regulation, the signing of an FTC waiver should protect them against the threat of license cancellation by FCC. Mr. Prall hasn't said "Yes" and he hasn't said "No."

Winter Boost

Westinghouse tries to check usual cold-weather drop in refrigerator sales by pointing out advantages.

SALE of mechanical refrigerators for the home has heretofore closely followed a weather curve, rising with the approach of hot weather, and sinking with the mercury. To keep sales up, Westinghouse Electric & Manufacturing Co. is emphasizing the advantages of winter storage of foods in uniformly temperatured electric refrigerators, and pointing out that losses from spoilage through freezing are prevented, and that the number of necessary trips to the grocery store and meat market is reduced.

Westinghouse is also trying to pyramid advertising results by advertising that the name of its nearest dealer is in the classified telephone directory under "Refrigeration—Electric."



MECHANICAL BEACH COMBER—Successfully tested at Santa Barbara, this motor-powered beach cleaner shaves off sand to a depth of 4 inches, sifts it in a revolving hopper screen, removes foreign objects as small as a pin or as big as a boulder, and sprinkles the sand back. Leslie J. Chudley (left), co-inventor of the machine with Robert Westwick, claims it will clean an acre of beach an hour.

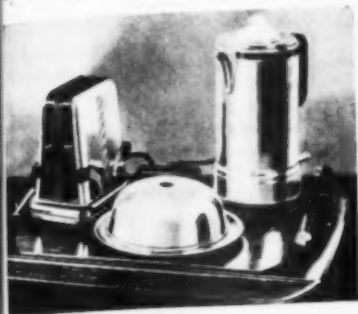
New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

For rust-proofing of steel E. I. duPont de Nemours & Co. offers a new electroplating process by which a bright plating of zinc is deposited on the surface of the steel.

E. I. WATERMAN CO. is putting fountain pen ink in a new "Tip-Fill" bottle. This has an extra wide opening and many flat surfaces, so that, as its contents diminish, it may be set securely at an angle while the fountain pen takes in a new supply of ink.

THE new "Electro-Tray" set, announced by Westinghouse Electric & Manufac-



turing Co., consisting of percolator, toaster, covered toast plate, and service plate, has an electrified base from which 2 appliances may be supplied with current, while only one cord is connected to the outlet.

PAULSON time micrometer, placed on the market by Henry Paulson & Co., permits accurate checking of the performance of watches and shows 24-hour variations after a 1-minute test. It is advertised as an eliminator of guesswork in the adjustment of timepieces.

A NEW tree pruner, announced by Seymour Smith & Son, Inc., operates with a chain and pulley, has a compressed coil spring to spread shears while in use and a safety catch to keep them shut when idle.

ALEMITE DIVISION of Stewart-Warner Corp. announces a high-pressure, air-operated barrel pump by which any original container can be converted into a power gun for industrial lubrication. It will supply several outlets at one time.

THE "Sweet Brew" scouring machine for beer-dispensing systems, offered by the Dobbled Mfg. Co., forces sand through the coils at a high rate of speed, carries foreign matter through a screen into a drain, and washes the sand before it is re-used.

FOR THE MAN WHO GETS THINGS DONE... but is never "too busy"



The number of executives who prefer to get things done, without advertising the secret of their efficiency, seems to be increasing. At least, they are buying more of our DeLuxe Cabinet models for executive offices than ever before.

A touch of the hand opens the counter-balanced hood, moves the Dictaphone forward and automatically switches the motor on. No "getting ready" operations to interrupt your thought. Simply raise the mouthpiece and speak!

And then, by merely closing the hood, the motor is cut, the Dictaphone retracted, leaving a distinguished looking cabinet that fits the decorative scheme of even the most modern office.

You may try this outstanding cabinet dictating instrument in your own office at any time. Simply write or phone the Dictaphone office nearest you.

THE NEW B-12

DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

Nuphonic Reproduction — a new development of the Dictaphone laboratories — gives a new standard of voice clarity such as secretaries have never before experienced.

Dictaphone Sales Corporation
420 Lexington Avenue, New York, N. Y.
In Canada—137 Wellington St. West, Toronto

☐ I want to see your representative.
☐ Please send me your Nuphonic Progress Portfolio.

Name _____
Company _____
Address _____

Used Cars Make Motor Trouble

Automobile dealers association wants manufacturers to penalize wild trade-ins; latter think real solution lies in better dealer selection.

AUTOMOBILE dealers would like to have the strong arm of the motor factories replace the now impotent federal code arm. If the National Automobile Dealers Association had its way, car manufacturers would cancel without notice selling contracts with dealers who persist in "wild trading" on used cars. They would also grant a series of 10 demands which the N.A.D.A. represents as necessary to restore prosperity to dealers.

Used cars have been the bane of dealers for years. Under NRA came a first government-supported opportunity to try to control prices allowed on trade-ins. Since demise of the dealer code, N.A.D.A. has sought some means of continuing the effort. Hence the request for factory aid. Hence also the fact that, in some states, dealers have considered submission to the legislature of a bill to license dealers, with permanent revocation of license for violation of rules governing trade-in-prices.

Preliminary reports of a national survey by N.A.D.A. show that the average cost of selling a new car (including overhead and handling used cars) is \$185.95 and average gross profit is \$171.19, leaving the dealer a net loss of \$14.76 per new car sold—this in a year of sharp expansion in new car sales. The association is inclined to point an accusing finger at factories as being responsible for this situation, thinks losses can be transformed into profits by revisions of dealer contracts.

Dealer Profits Vital

Factories reply that they are equally eager for dealers to make money. Rugged individualists, the car manufacturers shied away from anything but the simplest sort of NRA code, with "trade practices" conspicuously absent. They don't approve of state laws to fasten used car control on dealers; say there are too many laws of all kinds already. They remark about N.A.D.A.'s "inconsistency" in asking factories to cancel dealerships arbitrarily because of flagrant price-cutting and, in the same breath, condemning arbitrary cancellations for all other reasons.

Manufacturers feel profitable retail operations are rooted more deeply than in the used-car problem. That problem is likely to be with the industry so long as new cars are made and sold. The real solution, they say, rests in measuring carefully potential business within each territory and setting up only enough retail outlets to handle the

volume at a reasonable profit. This calls for careful selection of efficient dealers and reduction of "cross-selling" or multiple dealerships to a minimum. Success no longer lies in the number of dealers, but in the quality.

Chevrolet has been working along these lines for 2 years with its "quality dealer program" which, it is understood, resulted in 88% of its dealers making profits of \$30 millions during 1934. With cars in higher price ranges, such as Oldsmobile and Buick, dealers are being given exclusive sizable territories in which they are protected. Some manufacturers are helping dealers in other ways, too, as in protecting them against retail price declines.

Auburn Diesel

Motor company that smashed precedent will try it again with custom-built diesel-powered car.

AUBURN AUTOMOBILE CO. will offer among its 1936 passenger cars a model powered by the Cummins diesel engine which Cummins Engine Co. recently exhibited to the country in a publicity-getting transcontinental demonstration run made in one of this year's Auburns (BW—Jul 13 '35).

The diesel-powered model will not be a production job as yet or be stocked by Auburn dealers, but will be a custom-built car manufactured on special order of the customer.

From this arrangement, Auburn hopes again to secure prestige as a precedent-smasher. It led the industry in styling in 1931, moved ahead to a sensational success, only to sink back in the following 3 years.

Weight and size have been factors working against success of the diesel engine in passenger car service. Auburn will get around this objection by building the cylinder block of aluminum, providing cast iron pistons.

Tourists' Money

New England tourist business totals \$400 millions this year.

SLEUTHS of governmental and private agencies have tracked down 1935 tourists on their travels in New England and have provided new yardsticks for valuating the tourists' business.



BLOWING ON A CARGO—To reduce freight rates and handling charges, the Santa Cruz Portland Cement Co. of California developed this novel method of loading and unloading bulk cement with compressed air conveyors. From its coast-side plant, cement is blown on to a freighter through 2,000 ft. of 12-inch pipe. At Coast distributing centers where it is weighed and sacked the cargo is similarly discharged (at a rate of 2,000 barrels an hour).

Representatives of the 6 New England states, the New England Council, and the American Automobile Association report that total spending during the 1935 tourist season surpassed that of 1934 by over 20%, reaching \$400 millions, as compared with the \$1 billion record made in 1929.

There were about a million visitors to Maine this summer, leaving an average of \$93 per person in the tills and cash registers of Maine hotels, camps, stores, service stations, etc. Vermont collected nearly \$15 each from 1½ million tourists, though most of them were merely passing through. Other totals of the 1935 season, compared with 1934, showed an increase of 30% in the number of automobiles entering the 6 states, 18% greater attendance at summer camps for boys and girls, and 15% more passengers on New Hampshire's famous Mount Washington Cog Railroad.

Canada Dry vs. Coca-Cola

ENTRY of Canada Dry Ginger Ale, Inc. into the small-bottle beverage field with its new "Spur" line has aroused wide comment. Some of this comment shows that *Business Week* was incorrect on 2 points in its Aug. 24 story on how this move affects the bottling trade, notably in its challenge to Coca-Cola.

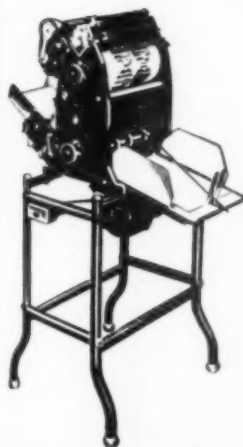
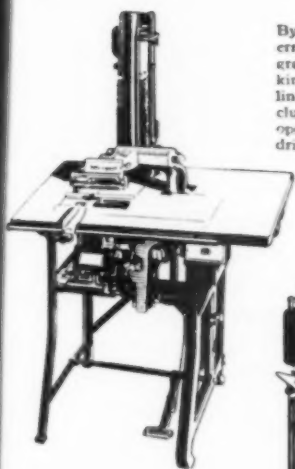
While Spur comes in 8-oz. bottles and sells to dealers at 60¢ a case of 24 bottles, Coca-Cola's small bottle holds 6 oz. and sells to dealers for 80¢ per case of 24, so that the rivals are not exactly matched on an 8 oz. and 60¢ basis as was indicated.

WEIGHED in DOLLARS..



How much is each customer worth to You?

By speeding up work, eliminating errors and cutting costs, Addressograph is adding to profits in all kinds and sizes of business. The line of more than 50 models includes a range from small, hand-operated machines to large, power-driven automatics.



In multiple typewriting and office printing, Multigraph frequently saves its cost in a few months and thereafter contributes important profits to its owner. More than 50 models comprise a line to exactly meet the requirements of any business or organization.

The Multilith method of office lithography combines beauty, simplicity and economy to open many new opportunities for profit. No need for half-tones, zinc etchings or electrotypes . . . important savings in both time and money. Produces beautiful color work.

If you could weigh your customer and prospect lists on a scale that recorded *potential business*, you'd be astonished at the totals. Many successful businesses are discovering how to do this very thing!

They are developing *master lists* and recording them on error-proof, fire-proof Addressograph metal plates . . . classifying them for automatic selection . . . checking them frequently to detect necessary changes . . . *continually building them*. Periodically they analyze these lists to weigh selling effort against possibilities in various markets.

Their aim is to omit no worthwhile prospect and to leave no Addressograph plate unturned which can help them hold their present customers . . . gain new customers . . . win back customers who stray!

To this end, too, they are originating powerful, sales-building letters and direct mail pieces and *producing them by the thousands on Multigraph*, along with price lists . . . catalog pages . . . announcements . . . bulletins to those who sell . . . and countless printed forms.

So, too, with Multilith . . . simplified office lithography . . . they are flashing the buying reasons of today to the customers of tomorrow . . . typing and drawing on a paper-thin Multilith plate, or creating more elaborate pieces by photographing illustrations and type matter direct on the plate. This is *economical lithography* . . . the Multilith process that *gives action to ideas on the very day they are born*.

Ask our representative for *all* the interesting facts. Consult telephone books in principal cities . . . or write to us for complete information.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION

Cleveland, Ohio

Offices In All Principal Cities of the World

Addressograph • Multigraph • Multilith

TRADE MARK

TRADE MARK

TRADE MARK

Cheap Camera Clicks

Success of small camera for small pocketbooks has changed the industry's ideas since Githens and Shapiro decided it needed a Ford and joined to play the role.

BIG business in little cameras is worrying old-established manufacturers to a point where they are revamping some of their ideas about prestige, product design, and profits.

Till 1933 all the cameras for amateurs were made by a handful of concerns, with the Eastman Kodak Co. entrenched as the leader. In fact, its extensive advertising had made the term "camera" seem obsolete and put "kodak" in its place.

Down to 39¢

Then in the spring of 1933 O. W. Githens and J. J. Shapiro decided that a Henry Ford was needed to give the masses a good but cheap camera. They designed a box camera of extreme simplicity, easy to produce, substantially put together, with a simple but highly efficient shutter, taking a $1\frac{1}{2} \times 1\frac{1}{8}$ " picture, and suitable for the use of roll films. They named it the Univex, found that they could sell it for 39¢, and in July, 1933, started in business as the Universal Camera Co., with a daily output of 500 cameras.

Immediate sales success proved that they had struck a "natural." Production had to be stepped up; finally facilities were increased until now 20,000 Univex units can be turned out daily. During 1934, consumers bought 2,600,000 Univex cameras, and the 1935 production schedule is 4,000,000.

Imitators rapidly crowded in. The first, the Norton camera, selling at 50¢, largely resembled Univex. The Varsity was not only similar in appearance but sold at the Univex price, 39¢. The Ulka appeared as the cream of cheap cameras, selling for \$1, and in size the smallest of the lot. Even the Woolworth stores offered a 20¢ camera and a 20¢ finder—40¢ complete. This camera, with its molded lens and rubber-band-operated shutter, did not seem to please the public. A few other makers popped into the field and out again. None could buck the fast-selling Univex, with its hand-polished lens and spring shutter.

Dollar Cameras Sell Too

When Eastman Kodak Co. decided to go after the cheap camera trade with its molded "Baby Brownie" selling for \$1, Univex countered by bringing out a fully streamlined folding Univex to retail at \$1, and now it is reported the company can't turn them out fast enough.

Dealers say Univex is a good seller and excellent trade-builder, with something no other camera-maker has today—a real hold on the film business that the camera creates. Its manufacturers obtained this by patenting a special V-slotted spool flange for their films, instead of the ordinary flat type. Not having licensed any other film manu-

facturer, they supply all films (which are made for them exclusively by Gevaert in Belgium) and cash in on a nice profit.

For the coming holiday season Univex is announcing a gift set, consisting of a folding Univex, a leather case, and 6 rolls of film, the set retail for \$1.85.

To Make Large Prints

Meanwhile, at least one manufacturer of higher-priced cameras, Eastman Kodak, has decided to cash in on the midget cameras in a different way. Eastman offers to photographic supply dealers and to developing laboratories the Kodaprinter, which makes large size prints from little negatives at the rate of 700 per hour and at a retail cost of from 3¢ to 5¢. Thus amateurs can use the convenient midget camera, take many pictures at little cost, and have enlargements at no greater expense than that of ordinary prints from large negatives.

Some dealers say that use of the midget cameras is getting hundreds of consumers interested in photography as a hobby, and that, after some experience with the midget, many decide to invest in one of the high-priced cameras that also take small pictures, but have a wider range of usefulness.

Shoe Prices Up

Retail sales climb, but supply of cowhides has diminished, and their prices have risen.

THAT part of the citizen's apparel which keeps the sale of corn plaster at a high level is due for a larger share of the budget, if recent hide-and-leather developments are to be trusted.

When 1,500 leather and shoe people gathered in New York this week to look over the new shoe styles and the new caramel brown, sunbisque, luggage tan, etc. leathers, they found prices edging up for fall and spring lines, and tanners warned them that the worst was yet to come.

Shoe production is lower than last year, but retail sales are up and still climbing. The volume of fall business has been greater than expected, despite unfavorable weather, and with retail shelves being cleaned up, shoe manufacturers are getting up on their toes.

Back of it all is the rise in the value of cowhides (which in fact are usually steerhides). For 2 months in 1932, light native cowhides at Chicago brought an average price of 4½¢. But from mid-1932 on, the trend has been up. August, 1934, prices averaged 6½¢. By May of 1935, prices were up to 10¢, reacting slightly in the next month, only to come up again to the current market of 11¢, the peak for the year.

At the end of July a year ago the



SEDAN FIRE TRUCK—Charlotte, N. C., has a new fire engine, built by Mack Trucks, Inc., which represents the first basic change in body design since the days of the horse-drawn vehicle. The sedan accommodates 10 men and full equipment. Controls for the 750 gal. centrifugal pump protrude through the skirting.

ENCOURAGE

the urge

TO BUY



● The urge to buy is abroad in the land.

But have you noticed how much more shrewdly people are buying? The demand is for products that are fundamentally right; products that need no gewgaws or gimcracks to entice the shopper. Sound values are attracting sales volume.

What makes value? Essentials. For instance, the added convenience which the lightness of Aluminum gives to cigarette cases, or pencils, or fishing tackle.

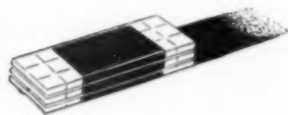
Beauty makes value. There is intrinsic beauty in the many natural finishes of Aluminum. Witness the great popularity of Aluminum in the field of decorative arts.

Expectation of long life makes value. The resistance of Aluminum to deterioration from corrosion promises better appearance and better performance for a longer time.

On packaged products, dependable protection makes value. Clean, sanitary Aluminum Foil protects against moisture and contamination. Caps and seals of Aluminum protect milk and liquors and food products. Some Aluminum seals even afford protection against counterfeiters.

Manufacturers use versatile Aluminum to add value to their products because it has unique and fundamental qualities. Nature made Aluminum light. It is naturally resistant to corrosion and friendly to foods. Research has given Aluminum its strength and amazing versatility.

Do your product the honor of at least investigating the sales values that Alcoa Aluminum may add. The counsel of this organization is yours to command. ALUMINUM COMPANY OF AMERICA, 1304 Gulf Building, Pittsburgh, Pa.



forward via fundamentals

Three Associated Parties

The firm, its employees, and their families. A partnership best understood when an employee dies.

GROUP INSURANCE

makes for friendly feeling between the several parties at interest.

To Any Employer
May we explain more fully?



THE PRUDENTIAL
INSURANCE COMPANY
OF AMERICA

EDWARD D. DUFFIELD, President
HOME OFFICE: NEWARK, N. J.



MALLORY gives the Radio Audience the "Long and Short" of it

Selector switches made by the Yaxley Manufacturing Division of P. R. Mallory & Co., Inc., bring in long waves and short waves and make short wave receivers practical. An indication of Yaxley leadership is that more than 2,500,000 radio receiving sets are now equipped with Yaxley switches. No wonder radio engineers turn to Mallory's Yaxley Division when new designs are needed.

Radio developments are but one phase of Mallory activity in meeting the needs of manufacturers in varied fields with parts which perfect the finished product.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address—Palmallo

MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

country's stock of hides (raw, semi-finished, and finished) totaled 14.8 millions. Then drought and government slaughter forced marketing of the hides of millions of steers, and the in-

ventory went up to 18 millions in December, continued to the high point of 18.3 millions at the end of January, and since that time has been dropping steadily to well below 18 millions.

Home Stoker Strides

Coal and equipment companies are capitalizing growing interest in automatic heat, making record sales.

THE oil burner industry's crowing over increased sales (BW—Sep 7 '34) is interrupted by similar sounds from the other side of the fence. Mechanical coal stokers for the home are showing a phenomenal improvement in deliveries. For the first 7 months of 1935, sales of stokers by 108 manufacturers were 11,362. This is almost twice the figure for 1934, over 3 times that of 1933. If the ratio holds during the heavy sales period remaining, total for this year should top 45,000 units.

Show Helps Promotion

The industry is eagerly watching the St. Louis stoker show which reopened on Sept. 3. Publicized as the most comprehensive of its kind, this roundup is expected to provide promotion ideas for other cities. Coal and stoker interests cooperated to sell the public on "smokeless automatic heat." Models were shown in operation, giving many a burgher his first proof that soft coal could be burned without smoke. Magnitude of the educational job before the industry was indicated by citizens who came in to ask what "those machines" were. They had never seen an automatic stoker before.

There is positive proof that in the flight from drudgery the American family is turning to automatic heat. This shift in national habits is being capitalized by equipment manufacturers and fuel suppliers. General Electric's oil burner-boiler unit made heating history. Recently Westinghouse stepped out with a stoker-boiler unit (for anthracite). G-E is developing a stoker-boiler unit and others are working with the idea.

Stoker improvement is sharpening the ancient rivalry of coal, oil, gas. Coal retains advantages to offset its handicaps. With an electric stoker you still have to fill the hopper using the traditional shovel, you still have to lug up the ashes, and costs of equipment (\$300 to \$600 for a conversion installation through equipment dealers) is as great as, or greater than, oil burners. Against all this coal has a compelling retort in low fuel costs. Battle cry of the industry is "automatic heat with economy." A cheaper grade coal is burned; \$7 to \$9 per ton anthracite against \$12 to \$13 in ordinary furnaces around New York. For that district coal heat is said to be a

third cheaper than oil, two-thirds cheaper than gas.

Things are happening fast in stoker distribution. The orthodox retail coal dealer isn't what you would call a genius in aggressive merchandising. He sells mechanical stokers, but advances in scientific heating (forced by powerful competition) are edging sales over into the field of the heating contractor. Coal dealers are being told to improve their technical knowledge and selling or see the business go elsewhere.

An intelligent cooperative selling plan has been developed by Dickson & Eddy, (New York), anthracite dealers. They market their own stoker (Stoker-matic) through coal dealers only. Since Dickson & Eddy are after anthracite volume, prices of stokers are held low. The coal dealer can offer his customer a stoker for as little as \$198.50 installed.

Introduction of the anthracite stoker in the mid-west has complicated the struggle there between bituminous and natural gas. Soft coal stokers have sold heavily in this area but the market has been hurt by clinkering of the fuel and by production of many stoker models without sufficient research. Shifting state of the heater market is shown by a breakdown of Dickson & Eddy's western sales. Forms of heating displaced were, 40% bituminous coal, 32.5% gas conversion burners, 17.5% hand-fired coke, 5% oil, 5% hand-fired anthracite.

Farm Power Project

Power company will find own money for rural electrification instead of calling on REA.

CENTRAL Hudson Gas & Electric Co., in New York's Hudson Valley, has won the applause of the Rural Electrification Administration. After having asked for a Federal loan to build 500 miles of rural lines, it withdrew its application and will finance the work itself, with part of the proceeds of a pending \$1 million, 30-year, 3½% bond issue.

The company made the application to feel out the Federal plan. It found that it would be more advantageous to do its own financing for the longer term than to take the Federal loan for 20

millions in the high point of January, when dropping millions.

years at 3%, subject to the accompanying conditions. This is true in part because most of these extensions will be runs of a mile or so in length to pick up an unserved farm or an isolated rural home. There will be no 5- or 10-mile stretches.

A Complete Job

The building of this additional 500 miles of line extensions in the Central Hudson territory will practically complete the job in the Hudson Valley, centering on the cities of Newburgh, Poughkeepsie, and Kingston. The remaining small area is in country where there is practically no market.

Central Hudson has been a pioneer in farm electrification. It has operated 6 electrified farms in its territory for demonstration purposes on privately owned farms, where the company has installed complete electrical equipment. Here production records are kept and other farmers come to study the value of the more modern methods recommended. These farms have been in operation for over 6 years. Three company farm specialists spend all their time on the farmer's problems.

Mr. Cook Congratulates

In acknowledging the withdrawal of the application, Morris L. Cook, REA administrator, congratulated the company on its ability to procure private funds on such advantageous terms, and upon the fact that the proposed construction will provide service to 88% of the farms within the company's territory as compared with the national average of 11% farm electrification. Mr. Cook also gave assurance that the program will be supported by EHFA help for farmers in financing wiring costs and appliance purchases.

However, local banks in the Hudson Valley are now cooperating in a program that provides 5-year financing on equipment and Federal Housing money is being used on farm wiring. Whether EHFA funds will be employed for farm appliance loans here is doubtful, for EHFA offers only 4 years' time. Central Hudson experience shows that, to reduce the terms offered the farmer from 5 to 4 years, would cut the sale of this equipment by 25%.

New G-E Bulb

GENERAL ELECTRIC research is behind many an industrial plant. One of its recent developments is a new lily plant. G-E calls it the *Koenigstein* regal lily and has applied for a patent on it. Newest of the G-E bulb family produces nondehiscent blooms—that is, blossoms that don't shed pollen from their anthers and spoil their own skirts. The company laboratories have produced many changes in living organisms in the course of experimenting with x-rays and cathode rays. Researchers meddled in the love life of the regal lily by x-raying the bulbs. The new flower was appropriately named for the discoverer of the X-ray.

Sales Inventory

Portland, Me., tells Department of Commerce (and listening sales managers) all about its buying.

PORTLAND, Maine, is the third city to fall under the scrutinizing eye of the Department of Commerce in its effort to lay bare the purchasing power and buying habits of American families in selected communities. Data on the Austin, Texas (BW—Jul20'35), and Fargo, N. D. (BW—Aug24'35) markets have already been x-rayed.

Nearly 18% of Portland's families reported their income records and furnished an inventory of specific household goods and services. From these the following case-picture can be drawn.

Income: Some 34.7% of families had incomes in 1933 of less than \$1,000; 55.7% ranged between \$1,000 and \$3,000; 9.6% made over \$3,000. Most numerous was the group \$1,000-\$1,499—23.7% of all families surveyed. Only 0.2% had \$15,000 or more.

Houses: Most home owners live in 1-family houses; most tenants in 2-family structures. Since tenants outnumber home owners 2 to 1, the bulk of all families, 36.6%, are found in the double dwellings; 27.5% live in 1-family houses.

Construction Material: Wood again proves the overwhelming choice for home structures, 88% of all homes being built of this material. Balance largely of brick; 55.6% of families with incomes over \$7,000 favor it.

Rent: Ranges from \$225 to \$700 per year, average \$328.

Heating Apparatus: Central heating plants are most common, with 51.5% of homes heated by steam or vapor systems. In the \$7,000-and-over bracket, 75% employ steam heat.

Heating Fuel: Over 81% of Portland's families use coal. Oil is burned by 30.6% of those having incomes over \$7,000.

Cooking Fuel: Gas is the choice of 74.4% of all families. Electricity enjoys a small market—1.5% of families.

Lighting Fuel: Electricity has virtually no competitor for this purpose.

Bathrooms or Showers: Less than 13% of families lack bathing facilities.

Mechanical Refrigeration: This market is hardly scratched. More than 83% of families have no mechanical refrigerator. Situation improves with income, for among the 1.2% of families whose income top \$7,000, nearly 78% of families have "electric ice."

Automobiles: More Portland families have done without cars than those of Fargo, N. D., or Austin, Tex. In this New England town, 51.7% of families have no car; 46.9% have one. Still, car ownership outdistances mechanical refrigeration ownership 3 to 1.



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Coal that crumbles into smaller pieces is unprofitable to the producer and unsatisfactory to the consumer. Users want lump coal that stays lump.

Atlas made a real contribution towards improved coal production with Blakstix—a new explosive with a new action that pushes rather than crumbles the coal it is dislodging.

Here is an example of Atlas' leadership in the conversion of explosives into scientifically controlled force.

Atlas also produces other explosives, chemicals, lacquers, lacquer materials, leather cloths and other coated sheets—all products of the laboratory and field research that contribute so largely to modern and industrial progress.



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POWDER COMPANY
Wilmington - Delaware



TRANSPORT FOR INDUSTRY

Birmingham, England's greatest industrial centre, possesses model transport facilities—roads that radiate to all parts of the country, canals linking up with the ports, main line railways to all parts of the country, a \$1,000,000 Airport now under construction, and, within the City, a vast network of municipal transport systems for the transport of workpeople.

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Association of Great Britain and Ireland,
British Empire Building, Rockefeller
Center, New York.

Canada Wants Trade Stability

Ottawa will make concessions to Washington, but will not scrap Empire pacts for new U. S. trade treaty.

OTTAWA (Special Correspondence)—The hurdle at which negotiations for a new Canadian-United States trade treaty balk is the Ottawa Empire pact of 1932, an elaborate framework of concessions by various members of the Empire to stimulate trade among themselves. Washington wants to crush these pacts, but Ottawa holds it is bound by them, is also unwilling to sacrifice their definite advantages. Prospects for the treaty seem now to depend on Washington's willingness to modify its proposals regarding the Empire pacts.

Bennett made the Empire agreements in 1932 largely on the principle of giving concessions to countries willing to trade on equitable terms with Canada, but also on the principle of establishing permanent Empire trade channels in substitution for inequitable and uncertain trade relations with the United States. Results have been a heavy increase in Canadian exports to the sheltered market in Great Britain and transfer of a considerable part of Canadian imports from the United States to British goods. Under the pacts, British textiles, steel goods, and other manufactures have large advantages over United States products which formerly supplied the Canadian market.

Seeks Trade Permanency

Ottawa wants permanency for the widening of Empire trade channels, especially because it considers any reciprocity treaty with the United States would be of uncertain tenure. Negotiations on Washington's proposals are continuing but Bennett is unlikely to consent to any extensive curtailment of Empire pacts.

Canada looks on the Bennett concessions offered to the United States as especially generous. In place of the general tariff now imposed on United States imports, the Dominion offers the intermediate tariff and most-favored-nation treatment, which means reductions on 700 items. By the offer, for example, American furniture, which now pays a 45% duty in Canada, would come down to 30% in the intermediate tariff, and to 27% if the most-favored-nation arrangement should be included. There would be cuts running up to 40% on items ranging from agricultural machinery to electric refrigerators, and from shoes to toys. In return, Canada asks that the 50% tariff cut which Congress made possible for bargaining purposes be applied to sales to the United States of lumber, fish, potatoes, milk and cream, live cattle and other agricultural products, some mineral products,

and certain limited manufactured items. Removal of the United States \$3 excise tax on Canadian lumber is asked. Both countries apparently are willing to modify their anti-dumping provisions.

The Bennett government holds that the Empire pacts as they stand are not an obstacle to a treaty with the United States. Mackenzie King, Liberal leader, declares they are. He denies, however, he ever threatened to cancel the pacts if returned to office and says he would only modify them.

Oil Argument

Discovery of new petroleum deposits revives the old question of whether our grandchildren will have to do without gasoline.

THE high-flying oil industry swings between 2 major fears, neither of which is resource-conscious Secretary Ickes. On one side there is the disturbing possibility of new oil field discoveries that will flood markets and destroy price-structures; on the other is the possible exhaustion of domestic wells which would put us at the mercy of foreign supplies.

Recently the National Petroleum Institute declared that new discoveries this year uncovered reserves greater than this year's estimated requirements. None of the strikes was so devastating as that spectacular East Texas field which marched in with the depression and remains a constant price threat. Most talked-of new field is Rodessa in north-west Louisiana. Extent of deposits is yet to be determined. The treasure lies over a mile deep. Costs of about \$60,000 per well probably will confine exploitation to big companies that want to curb production and stabilize prices.

Two New Texas Pools

The Texas coastal area contributes 2 important finds. They are the Anahuac field and the South Houston pool. In Oklahoma the chief recent discovery was the Fitts pool, near Ada. In Ellis county, Kansas, a wildcat well brought in an 800 bbl. daily producer.

Based on present knowledge, an English authority thinks the world has supplies sufficient for 100 years. The U. S. Bureau of Mines estimates our underground resources at 13 billion bbl., sufficient at present consumption for 14 years. Conservators say the pinch in domestic supplies will be felt in 8 years and that prices will jump thereafter. But the experts have cried "wolf"



NO PECKING PERMITTED—Chickens that dine on others' tail feathers don't get proper nourishment for good egg production. And chickens that are dined on become dull. Aluminum Co. of America solved the problem and, between contracts for streamlined trains, developed the "Pikgard." It fits over the offending hen's beak, but is so balanced on a pivot pin near the base, that it drops back when the hen lowers its head for an earthy meal.

so often that little attention is paid them. Federal authorities began predicting exhaustion back in 1889. To scoffers there is one unanswerable comeback, "We have just so much oil under our sub-soil. No more is being deposited. When it is gone, it is gone."

The industry, the gasoline buyer and the automobile builder comfort themselves with an array of arguments. Some of them are: (a) vast new fields may yet be located (in Abyssinia, for instance?); (b) methods may be discovered for extracting oil from deposits which don't pay under present practice; (c) motors may be developed which use a fraction of the fuel now required; (d) science may create entirely new fuels or may perfect methods of stretching petroleum with gasoline or cheapening the production of motor fuel from coal.

Gas Tax Gouge

GASOLINE price wars come and go, compare earnings show black or red, but taxes (like Mr. Tennyson's brook) go on forever. A recent mobilization of statistics indicates that in the 14 years since 1921 the petroleum industry's earnings were \$2,462 millions, while taxes paid on oil operations and products totaled \$6,903 millions. Last year's tax bill was over \$1,000 millions; net earnings were only \$264 millions. Our statesmen are not likely to weep over the figures. The ideal tax is one which the voter pays without screaming. "Gasoline at any price" is the cheerful motto of the motorized millions.

Business Abroad

War fears deaden European security activity, start new flow of funds to Wall Street. Nazi leaders talk moderation at party meeting. Coffee countries run into financial trouble as sales and prices continue to sag. Canada settles down to serious election campaign.

The fear of war hangs over Europe. This, with the lack of active silver buying from the United States, and the new confidence that government is going to give business a breathing spell in the United States, accounts for the weakness of European currencies, the new flow of investment capital to Wall Street, and the rush of banks and investors to make their holdings as liquid as possible, causing short-term lending rates to drop to new lows.

Frightened by political adventures in neighboring countries, particularly Germany, Swiss voters this week refused, by a two-thirds majority, to amend the constitution. Opposition attack was based on demands for a vast emergency relief program.

Great Britain

London looks for war in Ethiopia soon, for a Wall Street boom, and for rapid expansion of the domestic housing program.

LONDON (Cable)—There are no hopes now for a pacific settlement at Geneva of the Ethiopian problem but British stock markets, though sensitive, are unexpectedly firm, with gold shares in demand again. More than 43,000 addi-

tional men were at work at the end of September, making a new high. New automobiles registered in July totaled 36,000, against 29,900 new registrations in July of last year. Generated electricity in August was 12% above the volume for the same month in 1934.

Behind the nationwide urge to free the country of its slums, housing is making striking gains. More than 6,000 new homes were started in July, compared with 5,500 in June, and 4,700 in May. Permits approved during August were double the number in July, indicating the rate of increase.

London is anticipating a Wall Street boom with a strong flow of small investment money beginning. This is attributed equally to Roosevelt's promise of non-interference in business, and to fears in Europe over investment stability now that almost all of the Continent is convinced that Italy will fight in Ethiopia and that almost anything can develop out of it.

The movies are benefiting from the reduced entertainment tax, but Chair-

man Maxwell, of Associated British Pictures, has already warned that the recent flood of new capital which has come to the industry has often been wastefully spent, and that there will be complications—probably casualties—in the future.

Biggest boost to the Lancashire cotton industry is likely to be the scrapping of a vast number of spindles under the scheme now being considered by the government. Meanwhile, the industry itself is attempting to strengthen its position through the improvement of machinery and products. Howard & Bullough, famous Lancashire engineering firm, has produced a new type of spindle recently which will reduce spinning costs by £10 a year in the power consumption of an average ring spinning frame. A ring mill of 80,000 spindles would save £1,600 a year. The principle of the spindle is the elimination of vibration by gyration. This, with perfect lubrication, ensures a correct and constant speed, which gives an improved quality of yarn. The spindle can be used for all types and qualities of yarn on any type of spinning or doubling frame. The new design promises a much higher spindle speed than is obtainable by the ordinary type.

Germany

Moderation marks speeches at annual Nazi conclave. Radio makes progress in Reich.

BERLIN (Cable)—Business accepted hopefully this week the pronouncements of the party leaders at the great Nuremberg conclave. Old arguments against inflation and devaluation were emphatically reiterated. There was an appeal for a world return to stable currencies. Barter was admitted to be a necessity forced unwillingly on the Germans, and not a form of international trading which was either working out well or to be encouraged.

Echoed in almost every speech was the assurance that the party and the government would work tirelessly against the price advances which have been so pronounced in recent months as to cause serious unrest in certain parts of the country. Recovery is possible, Germans contend, without shifting the present wage levels or living costs.

Announced, but without details, was the fact that construction is about to begin on a huge synthetic rubber plant.

After a week, subscriptions to Dr. Schacht's vast consolidation loan is barely 70% subscribed, in spite of various forms of pressure exerted on the public. This indicates that the market is far from ready to absorb the huge conversion and consolidation loan which the government will be forced soon to undertake.

The German Radio Show opened in Berlin at the end of August (an important section of it was destroyed by fire 2 days after the opening) and called to the attention of the public the remarkable strides which have been made by this industry under the impetus of a



THE EMPIRE COMES TO LONDON—Even in retail circles Britain's empire trade plan makes itself felt. After experimenting in other parts of England with special shops stocked with all-Dominion produce, Canada moves into Edgeware Road in London. Empire pacts have boosted Canadian exports.

Wide World

governmental régime determined to push its popularity by the use of radio above all other means. More than 4 million German households had radios in the last count before Hitler assumed office. In the 2½ years of the Hitler régime, this total has mounted to 6½ millions, or 36% of all homes. Comparisons are drawn with 55% of all households in possession of radio sets in Great Britain, 61% in Denmark, and 69% in the United States. These figures indicate that the saturation point has not yet been reached in Germany, although the tempo of further increase is likely to be somewhat retarded.

With 2 million sets sold during the last year, the German radio industry made a new record. Sales were boosted by the introduction of a low-priced popular receiving set which is retailed at \$30. Feature of this year's show is the "Labor Front receiver." It is supposed that every workshop in Germany will buy its own receiver to enable the workers to listen in common to addresses of Hitler and his satellites. This will open a new wide "compulsory market."

Coal for Italy

Whatever efforts Italy may make to develop her own water power, she still needs tremendous quantities of coal for her ships and for the African bases. Since the British are demanding cash on all shipments, German coal dealers have been able—by being more lenient—to increase their sales to Italy. Coal exports to Italy in the months May-July rose from 581,000 tons in 1933 to 1,085,000 in 1934, and 1,524,000 in 1935. It is reliably reported that August will show a particularly sharp increase. Because of the clearing agreement between the 2 countries, the sales more or less automatically increase the demand in Germany for Italian goods.

France

Security markets are dead, as investors seek liquidity in face of war threat. New bank provides cheap colonial credit.

PARIS (Wireless)—The business situation as a whole in France is apparently calm, though farmers are still protesting the slow recovery of prices on their products. Aid which the Bank of France extended to wheat growers has now been extended to the distressed wine districts and should help to relieve this industry. Unemployment has not changed despite the season. Rents are firm. August retail prices are about 6% below June. Industrial consumption of raw materials during July and August has increased considerably, reflecting the boom in the war industries and wider buying by the public.

The Ethiopian question has undoubtedly helped to divert public attention from the domestic economic situation which still is not bright, but it has also had its bad influence—slackening of all activity on the security markets. As is always the case when war threatens,

there is a general groping for liquidity, with the result that credits are reduced, shares are sold in large blocks, and short-term interest rates are declining in contrast with the stiffening of the long-term rate.

New Credit for Colonies

A recent decree provides for the creation of the Crédit Colonial (Colonial Credit Bank). This new institution is created as a consequence of suggestions contained in the final report of the French Imperial Conference, held a few months ago. The conference declared that one of the reasons why the economic situation of some colonies had fallen so low during the crisis was the scarcity of credit, particularly of middle- and long-term credit. The new Crédit Colonial will work somewhat in the same line as the Crédit National, which was organized after the war, to finance the reconstruction of the devastated French industries and which is now making middle- and long-term loans to domestic industries. Such credit companies make public bond issues and use the proceeds to make loans to industries against mortgages, adequate collateral, or government guarantees. The latter guarantees, mortgages or collateral represent the effective guarantee of the bonds issued publicly. Such is also the principle on which the Crédit Colonial is based, with the additional possibility of a colonial government giving its guarantee in lieu of collateral for a loan. The capital stock of the new company is 20 million francs, which have been subscribed by the Crédit National and by all the French colonial banks of issue. The capital can be increased by a simple decision of its board of directors to 50 million francs. The Crédit Colonial has the power to issue public loans up to a nominal maximum of 500 million francs. It can also obtain private loans from the Crédit National. In no case, however, can the spread between the cost price of the money to the Crédit Colonial and the cost to the customer of the loans made by this establishment exceed 2%.

Fewer Millionaires

The Department of Finance has just published its statistical record concerning taxes and revenue. In the wide discussion of taxation on wealth, the data are interesting. Private incomes (all above 10,000 francs) provided the following revenue in recent years:

Year	(Millions of francs)
1928	62,971
1929	57,665
1930	57,993
1931	64,139
1932	59,624
1933	54,982
1934	54,659

Million franc incomes have declined rapidly in France during the depression years. Here's the record revealed by the government statistics:

Year	Number of incomes above 1 million
1931	702
1932	494
1933	391
1934	349



ENGLISH IN ETHIOPIA—When it's tea time in Addis Ababa, the Ras Makonen tea room takes proud cognizance of the fact, but does slight violence to the traditional menu—both in content and style.

Soviet Union

Harvest exceeds expectations, with new rush to join collective farms. Coal and oil are behind schedule.

Moscow (Cable)—Agriculture and transport headlined the news in the Soviet Union this week.

With more than 183 million acres of grain harvested by the end of August, Russia had completed 87% of the harvest program. Deliveries to the government as taxes have been fulfilled more rapidly than in any previous year. Whole districts which put up a bitter fight against collectivization a few years ago and refused to meet their grain payments to the government have cooperated this year. Evidently aware now that it is futile to oppose the Kremlin, and confronted with the rapid improvement in the standard of living of their neighbors on the giant farms, nearly a million new peasant households have joined the collectives this year. The more efficient organization within the collectives and wider use of agricultural machinery are expected to result in the largest harvest in history.

Daily carloadings touched a new high at the end of August, of 74,000. This compares with a bare 56,000 in February when the government appointed Kaganovitch to carry out an aggressive program of improvement and enlargement. Before the end of the year he has promised to bring daily loadings up to 80,000, which assures farmers of prompt shipment of the year's produce and factories of adequate raw materials.

While the first 8 months of this year

showed an increase of 24.8% in the output of heavy industry, compared with the same period last year, and though there was a simultaneous increase of 16% in labor productivity, the coal and oil industries actually showed declines in output. Moscow is perturbed over the reports, is considering increasing the wage scales in these two industries.

Canada

Bennett's outline of party platform plunges Canada into intense election campaign. Alberta Social Credit program still vague.

OTTAWA—Compulsory withdrawal from the labor market of all workers over 60, Prime Minister R. B. Bennett's solution of Canada's unemployment problem, and it will be applied by act of Parliament if he is returned to office in the general election. It would take 120,000 out of unemployment ranks the first year. The livelihood of those retired would be provided by the state and employers. Business recovery, public works, housing and other reconstruction programs would bring unemployment, now 500,000, down to the irreducible minimum, Bennett says. He insists retirement of those past the age of efficiency is necessary because even a return of the boom conditions of 1929 would not reduce unemployment by more than 50%, owing to increasing mechanization of industry. Bennett announced his unemployment proposal Monday in the second of a series of evening campaign broadcasts. Altern-

tive proposals of other political leaders are: Mackenzie King, a national unemployment commission to handle the whole matter and devise solutions; Stevens, extensive public works schemes.

Bennett proposes to increase purchasing power of producers by extending to various other natural products the principle of guaranteed fixed minimum prices established last week in the case of wheat under the new Canada Grain Board act. Last week a minimum of 87½¢ for wheat for the present crop year was announced. Farmers get this on delivery to the grain board, together with certificates for any profit that may accrue from marketing. If wheat is sold for under 87½¢, the state absorbs the loss. Farmers have the privilege of selling outright to private trade at current prices. A similar system for other products will be established if Bennett is re-elected at the head of the government.

After the Farm Vote

Another farmer assistance measure, compulsory mortgage debt adjustment, is also to be extended to other classes. Provision will be made under another plank in Bennett's reconstruction program for compulsory revision of the mortgage indebtedness of home owners and others.

For domestic public debt—federal, provincial, municipal—Bennett proposes something approaching consolidation under a loan council similar to that which has proved successful in Great Britain. There would be a huge conversion of all public debts to a lower interest rate. Some form of federal assistance for provinces and municipalities appears to be implied.

In foreign indebtedness Bennett, if re-

lected, will assume a mandate to review the whole situation. Obligations to United States present the biggest difficulty. Bennett still hopes for a reciprocity treaty under which more Canadian goods would go to the United States as the solution.

William Aberhart, Alberta's new Social Credit premier, is here seeking a federal loan of \$18 millions to enable the province to meet immediate obligations. Bennett has promised co-operation with Aberhart's government, will grant assistance. Foreign press correspondents and others are meeting Aberhart here, looking for low-down on Social Credit. Major C. H. Douglas, originator of the scheme, is coming to give advice. The Social Credit movement in Canada, outside a few scattered disciples of Douglas, is confined to Alberta where Aberhart sold it by radio, coupled with evangelism. Few outside its converts credit it with possibilities of success. Aberhart has prevented alarm, however, by assurance there will be no repudiation of debts, disturbance of capitalistic institutions. His supporters issue periodic promises that he will move slowly, cautiously. The \$25 monthly dividend is still hypothetical.

Latin America

More trouble in Brazil and Colombia due to low coffee prices. Chile joins nitrate cartel.

THERE are new signs of distress in both Brazil and Colombia due to the continued low price for coffee and the smaller shipments abroad this year. Officials in Rio de Janeiro deny that the government will default on that part of the foreign debt service which has been maintained, but usually well informed circles in this country believe that Brazil may decide before the end of the year to abandon the debt service and attempt to cover current commercial obligations promptly.

In Colombia, there is the threat that the government will pass new legislation giving the President power arbitrarily to restrict the importation of items which he and the National Economic Council consider unessential. In both countries, the outlook for the immediate future is uncertain.

Chile signed an agreement during the week with the 9 synthetic nitrate producers in Europe who are members of the international nitrate cartel. Since 1931, when restricted markets and difficulty of carrying normal foreign trade caused a breakup of the cartel, the members have gone long on an uncertain basis. Recently, the European members—who produce synthetic nitrate—came to terms, but Chile—producer of natural nitrate—held out for special market concessions. Best information now has it that the Chileans were given certain concessions to win their cooperation in a new 3-year pact. Japan and the United States are conspicuously not members, the United States holding aloof on the basis that it produces almost no nitrates for export.



COLD FROM SOVIET SIBERIA—Placer mining in the rich gold fields along the Tunguska River in Eastern Siberia is yielding one-third of Russia's record production. Six-month figures indicate a \$400 million production this year, lend credence to Stalin's plan to surpass the Transvaal in yellow metal mining by 1937.

Money and the Markets

Roosevelt's "breathing-spell" assurance perks the markets up a bit. Gold starts moving from over there to over here. Treasury conversion is going rather slowly. Stocks and bonds reach new highs for year.

THE President's assurance of a breathing-spell for the country's commerce was by no means the powerful stimulus to activity that it might have been had the past record of legislation and political promises been less shallow, but at the same time there was some minor value even in the qualified statement that the Administration's reform movement had accomplished all or more than it might digest for the present.

As a result there has been a moderate brightening of the financial picture. Securities markets, for example, gained some strength from the widely published Presidential letter.

Other factors, of course, have had their influence also. One of these is the movement of gold toward our shores that was begun early this week. Rallying foreign exchange markets subsequently checked the contracts for shipping gold from France to this country, but the margin is close and resumption is likely at any time.

Cost of Living Rises

The cost of living, which is usually related to business tempo, advanced during August, according to the National Industrial Conference Board, and money in circulation increased nearly \$1 per head in the same period.

Monetary stocks of the United States at the end of August had set a new record peak of \$15,251 millions, of which \$9 billions was gold. Only 37% of the grand total was in the hands of the public. In accordance with the aim of the Administration to make a more important place for silver in the monetary scheme, silver money in circulation gained \$40 millions.

The current money markets do not re-

flect as great an easiness of funds as they did a month and more ago, but idle capital is nevertheless abundant, and thus far autumn business expansion has made no credit demands that are important enough to draw off funds from investment quarters.

Ethiopia continues to be a definite threat to political stability abroad. By raising the discount rate, Italy somewhat bolstered the market for her currency during the week; but her gold loss, in payments for war supplies and other outgoing balances, has not been tempered.

Treasury Conversion Goes Rather Slowly

In the first week following the Treasury's offer to exchange Fourth Liberties for either new bonds or notes, progress of the conversion was regarded as normal—which meant, in financial terms, a little slow.

Refunding was less rapid than in a similar conversion last year, and it favored the 1½% notes rather than the 2½% bonds by something more than 3 to 2. Exchanges aggregated 39% of the \$1,250 millions to be refunded.

New financing was somewhat more active than last week in the domestic corporation field, while new municipal offers continued fairly frequent. A \$50 million Socony-Vacuum Oil Co. issue and a \$24 million Republic Steel Corp. issue were on the market. An underwriting group sold \$9 millions of Chesapeake & Ohio equipment certificates.

It is believed Great Northern Railway has a refunding operation involv-

ing a \$106 million issue in mind for the near future, while the RFC is suggesting that the time is ripe for New York Central to fund \$63 millions of bank loans. Anaconda Copper is preparing for a \$55 millions issue.

The underwriting trade is looking for the new Morgan Stanley & Co. name to appear soon in a refunding operation probably in the utility or railroad field.

Stocks and Bonds Touch New Highs

SPURRED by the President's breathing-spell announcement and by the scent of autumn in the air, stock and bond markets, on good volume, have this week seen new high territory for the year in general averages.

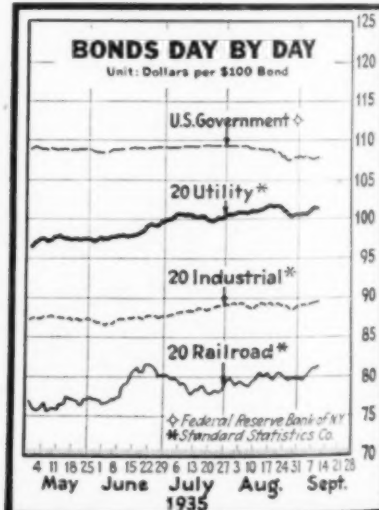
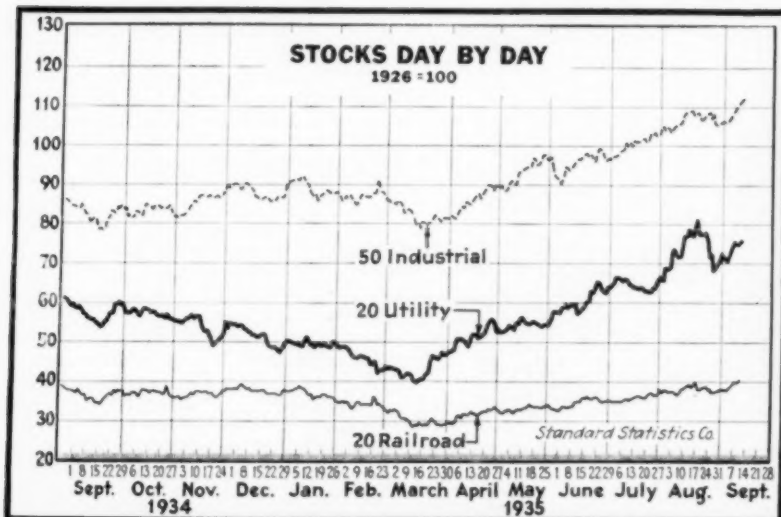
As has been the case for some time, the emphasis is on industrial corporation securities. Railroad and utility issues, whose August reactions were more severe than those of the industrials, have failed to catch up, and speculative interest continues to center chiefly on the securities of the industrials, where trade news is of a decidedly helpful character.

Along with stocks and bonds, cotton has been a buoyant market lately. The government's September 1 crop report disclosing a deterioration of 300,000 bales in the cotton crop, has been a background factor of importance.

AAA expects cotton to move to consumption naturally, with perhaps as little as half a million bales going to the 10¢ loan, for which RFC has advanced the Commodity Credit Corporation \$100 millions, with the remark that very little of it would be needed. Meanwhile the value of cotton goods in the textile markets is edging up.

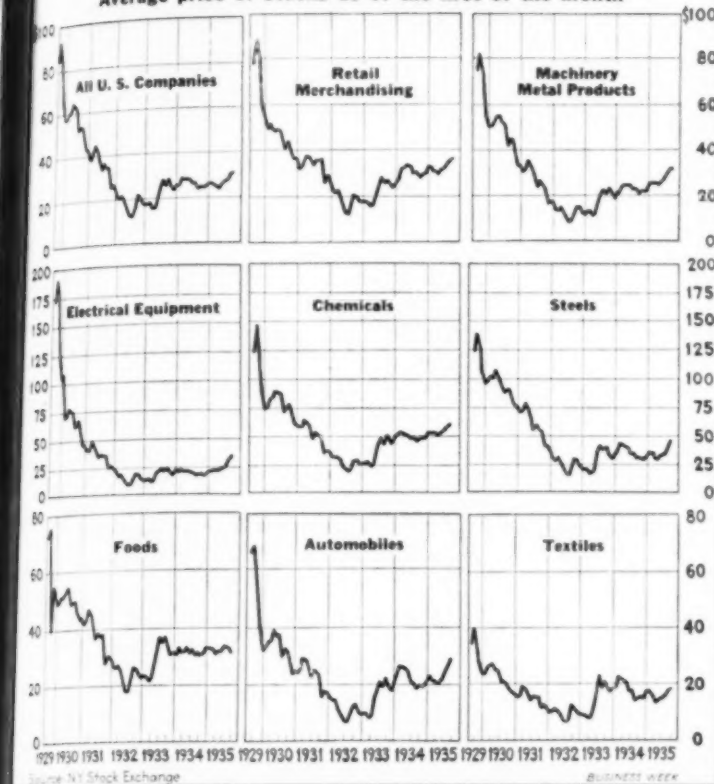
U. S. May Purchase Wheat From Canada

WITH issuance of the government crop report disclosing that the production of all wheat this season is probably 3½ million bu., it is definitely indicated that the country has again produced in-



STOCK TRENDS BY MAJOR GROUPS

Average price of stocks as of the first of the month



Purchase Act of 1934 required the Treasury to accumulate \$1 in silver for every \$3 in gold; and since then the Treasury's gold stocks have climbed \$1,355 millions to a new unforeseen peak, above \$9 billions.

Hence the Treasury has been getting nowhere fast in its effort to pile up silver to match gold. But it has raised the world price 20¢; has given foreign speculators \$45 million profits, according to envious domestic traders who are barred from the gravy; has complicated the Chinese situation it was supposed to help; and has stopped the circulation of silver in Mexico, is about to do the same in Cuba, and may even kill its use in India and China, the only places where it retained monetary importance before Washington started to "remonetize" it.

Banks Are Told How To Lend on Realty

NATIONAL banks, under the liberalized banking act of 1935, may expand real estate loans as much as \$3.5 billions if the worst fears are realized.

Regulations governing the enlarged power of the banks to handle real estate financing were issued this week by Comptroller O'Connor. They include rules that banks or groups of banks must purchase entire obligations, and must take only first liens on improved real estate for not more than 5 years and not to exceed 50% of the actual value of the property.

Certain exceptions are made in the case of longtime amortized installment loans and in the direct-to-industry loans in which banks participate with the Federal Reserve banks or the RFC.

While the new real estate loans are not strictly eligible paper, they fall in the classification of special assets which Reserve members can discount with the Reserve banks at a penalty rate.

Individual banks are restricted to the making of an aggregate of real estate loans not to exceed combined capital and surplus or 60% of time and savings deposits, whichever is greater.

RFC to Sell More Municipals

RFC is getting to be a handy source for buyers of municipal bonds. This week the Reconstruction corporation announced another sale of municipals which it had bought from PWA.

The block totals \$4 millions, mostly in small pieces, and bond-buyers who have looked over the list have expressed interest in it. Bids will be opened next week. On its first sale of municipals bought from PWA, RFC made a nice piece of change.

Even though the recent RFC acquisition of most of PWA's portfolio totaled over \$200 millions, this department is still small potatoes to RFC. For at the end of August, RFC had hurdled the \$10 billion mark, of which sum \$5.6 billions have been advanced to private borrowers and the remainder to government and relief agencies.

We Buy Silver And Get Nowhere

SILVER has been in a price rut for a month. But behind the steady price, which is plainly due to pegging by the Treasury, there has been tumult in foreign markets and in silverite senators' hearts.

At a figure that is about 15¢ per oz. under the 81¢ top which was hit in that mad market last spring, the Treasury has been bailing out foreign speculators.

Morgenthau calls these "bargain" purchases good business. Senator Thomas says they make a colossal farce of the whole program. Old-timers who recall silver's contribution to the panic of '93 think Thomas is right but in a way he doesn't mean.

Just how many good dollars have been swapped for the pretty metal may be wrung from Morgenthau by the Senate investigating committee that is to keep the silver issue boiling during the congressional recess.

Up to August 1, and before the really heavy buying subsequently, 326 million oz. had been bought abroad, 33.6 million oz. was bought from domestic mines, and 112 million oz. was acquired through nationalization. Total, 472 million oz. Add the 695 million oz. on hand when buying started 13 months earlier. Total, 1,167 million oz.

But even that was 1,214 million oz. short of what's needed. For the Silver

efficient wheat for domestic requirements of the season.

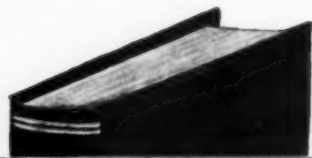
There is too little time left for substantial changes in the final crop output, and the trend of thought has turned to the balancing of prospective supply and demand for the season.

The poor grade of the spring wheat crop complicates the matter, and it is easily possible that the United States will take 50 million bushels of strong Canadian wheat to supplement domestic milling supplies. If this is the case we shall be aiding Canada materially in her newest effort to sell a lot of wheat at a good price to the rest of the world.

Last week John McFarland, head of the Canadian grain board, set a minimum of 87½¢ a bu. on the best grade of Canadian wheat, establishing Canada's price ideas higher than had been expected. This year, after repeated failure, Canada may get that price or better.

Europe, for several years thriving in a buyer's market, faces a loss of that advantage, owing to the poor Argentine outlook. Large Russian exports may save the European consumer's position.

The crop report lopped 88 million bushels off the corn crop estimate, but unless there is a much greater shrinkage this month, there will be more than enough corn. AAA is already under pressure from political quarters to put a high loan on corn. AAA hopes to keep the loan figure low enough to encourage marketing and feeding.



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Both Sides of Street

That's what some lawyers for Dawes bank stockholders are working, says Jesse Jones; but they deny it.

JESSE JONES, the mainspring of RFC, is usually amiable and quiet, but last week he worked up enough indignation to fill 2 pages of a press release that ended with the pungent observation, "There appears to be a difference between getting money from the government and paying it back."

The RFC chief was referring to the fight of stockholders of the former Central Republic Bank of Chicago against the legality of \$50 millions of the famous \$95 million loan made to the bank in 1932 by the RFC and Chicago banks, with RFC holding the big end at \$90 millions. The government is trying to collect double liability from the bank stockholders.

Dawes Left RFC

In 1932, just after General Charles G. Dawes stepped out of the RFC chair and headed for Chicago to tend to his banking business, RFC was called upon to advance \$90 millions to the Dawes bank, the Central Republic. Subsequently, Congress amended the RFC Act to prevent RFC from loaning money to any bank whose directors or officers had been connected with RFC during the immediately preceding year.

But Central Republic had already negotiated the loan, and \$40 millions had been received. After the amendment was enacted, the other \$50 millions was tendered. The bank had the loan, and RFC had collateral estimated to be worth \$118 millions, plus a call on double liability on the bank's \$14 millions of capital. The collateral shrank, RFC so far has got back only \$33 millions in capital and \$8 millions in interest, and the balance looks like hard scratching. Meanwhile, the old Central Republic has become a part of the City National Bank and Trust Co.

Not Legal, Is Cry

Now, trying to salvage something out of the potential \$14 millions in double liability under Illinois state laws, RFC is faced with the contention that \$50 millions of the loan was illegal because it was loaned after the amendment prohibiting such a transaction had been passed.

Leading the resisting stockholders is John A. Lynch, chairman of the old Central Republic, one of the negotiators of the original loan. But what particularly irks Chairman Jones is that 2 of the Chicago law firms handling the challenge, Pam & Hurd and Winston, Strawn & Shaw, were among the firms which RFC had consulted before the last \$50 millions was disbursed, and which are said to have answered that RFC

could rely on the double liability of stockholders. Jesse Jones says that isn't playing ball. The law firms say their opinions and their representations in the liability suit are not in the slightest conflicting.

Some of the stockholders have already paid up their double liability. One of them is General Dawes, whose bill is paid in full. However, his family corporation, Dawes Bros., Inc., which is liable for assessment on 11,560 shares, is resisting the suit. And RFC's salvage so far is \$25,000 out of the \$7 million it hopes to get.

Furniture Upturn

Shows reveal that people are buying again and prices are expected to go higher.

EARLIER predictions that the furniture industry would chalk up a new post-1926 record during 1935 are in a fair way of being realized.

At Chicago the summer market at the American Furniture Mart set a new all-time record when 7,325 buyers registered during the two-week show. Manufacturers who had exhibits reported the best buying since before the depression, found dealers more interested in the higher-priced brackets than in the cheapest goods.

Other Shows Are Crowded

The New York Furniture Exchange, with 450 manufacturers exhibiting, reported a buyer attendance of over 4,800 for August, 65% above the previous record of 2,900, made in 1920. Some of those present recited cases of re-ordering certain popular numbers three and four times, and sales increases up to 70% were claimed by the more progressive merchants. At San Francisco wholesalers pronounced the recent exhibition the most successful held in years.

Production figures, quoted by prominent manufacturers, show that, for the present at least, the furniture industry is very definitely out of the woods. Many are topping last year's production by 50% to 60% and there are isolated increases of up to 85%. At Grand Rapids, where much of America's high grade furniture is made, a survey by Dun & Bradstreet shows July orders 84% higher than in 1934.

Manufacturers and dealers are hoping that National Furniture Week, beginning Sept. 30, will keep up the pace.

Members of the industry who watch prices say that some of the large orders recently placed are intended to cover the increases that, in the face of present conditions, seem inevitable. They contend that the growing interest of the public in better merchandise reflects an improved consumer market that can stand higher prices.

Editorially Speaking—

If you've ever been to St. Petersburg, Fla., you know it's the city that was started to national fame 25 years ago by Major Lew B. Brown, publisher of the *St. Petersburg Independent*. How he did this is explained in a recent issue of the *Independent* by a St. Petersburg bard, Henry W. Rose, who joyously sings:

"Between two bays our city lies,
And they cause storms' deflection
So that, when they resume their way,
They take a new direction.

"So Major Brown at once decreed
If sun you do not see
That day the *Independent* goes
To everybody free."

Joyously Mr. Rose sang, and joyously Major Brown published the verses in a special 62-page edition, celebrating the Silver Anniversary of the Free Sunshine Offer of the Sunshine Newspaper, which in 25 years had been given away only 116 times—an average of fewer than 5 times a year when the sun did not shine in the Sunshine City. And that night a hurricane drove across the Florida Keys, and next night it was whipping St. Petersburg with fierce winds and torrential rains.

For the better part of a year Knowlton L. Ames, Jr., director of the Illinois Department of Finance, has been trying to devise a sales-tax token plan that would be acceptable to the large department stores, the smaller stores in Chicago, and the stores in the rest of the state. There were so many complications that for a time the task seemed as impossible as squaring the circle. The tokens, now being distributed, are square with rounded corners. Just a token of the eternal compromise in this world.

ONE of our friends, an earnest and punctilious student of army and navy affairs, grunts resentfully at the cabled report that Denmark will exclude foreign officers and naval attachés from the maneuvers beginning Sept. 24. What's happening to international manners when you toss all concealment overboard and practically tell your expected enemies that you don't want them around to watch your desperate preparations to keep them from killing you?

HOWARD KETCHAM, color engineer, has made a series of color charts, one of which shows that in 1928 the most popular color for automobiles was green, while black was fifth, but that in 1933 black was in first place, while green had dropped to last. The inference is that when people expect to keep a car a long time, they want a color they won't tire of. When business picks up

and they buy a car with the expectation of trading it in pretty soon, the bright colors once more are favored.

So automobile colors take their place alongside the stock market as a barometer of business confidence. Hereafter we'll expect the automobile manufacturers to give us the figures on color preferences. Our statisticians may have to work this new factor into their charts.

It seems that the slick idea reported on this page last week can be further refined. We mean the one about using the Western Union's flat 25-cent rate to send a standard birthday greeting that is really a business code message. We're told now that some people get the same result at no cost at all. A salesman, for example, puts in a person-to-person call for a non-existent person in his home office. The operator there is told by long-distance that New Haven or St. Louis is calling Mr. Apman or Mr. Billman or Mr. Charlson. The operator answers that the party is out. The name serves as a code, meaning, perhaps, "I'm still dickering on that order and I'll stay here tomorrow."

This sort of shenanigan is known by various names. Some people call it thrift, but A. T. & T. would like to call the cops.

POLITICAL NOTES: Senator Borah is an active candidate for President. The tip-off is in his comment on Frank Knox and Alf Landon, governor of Kansas. "They're both good men," says the senator broad-mindedly. When a possible nominee begins showing off his broad-mindedness in this public and noble way, you can be sure he's doing it to get the votes. . . . Jim Farley says it won't make any difference how big a campaign fund the Republicans collect, because Roosevelt is practically re-elected already. We're inclined to think he's right. Of course, plenty of things can happen in the next 14 months, but right now the President is still a lot more popular than conservatives like to admit.

WE learn from the Associated Press that "the 8 bulky packing-cases filled with documentary evidence alleging Ethiopia's 'barbaric unfitness' to continue as a League of Nations member, which the Italian delegation brought to Geneva, were all labeled 'Bologna.' " If Mussolini wants to know what's funny about that, maybe Al Smith had better go over to explain it.

DISCUSSING the NRA, Edsel Ford says, "I have a fundamental objection to being forced to do anything." That's a growing sentiment nowadays.

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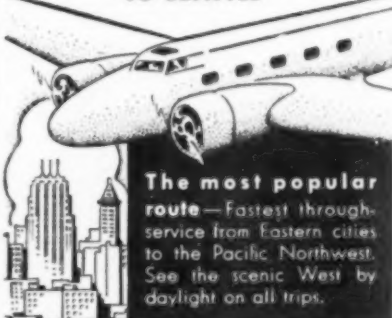
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SEPTEMBER 14, 1935

That Breathing-Spell

President Roosevelt's "breathing-spell" letter to Roy W. Howard is the most welcome announcement that business has received from the Administration in a long time. Coming at the beginning of fall, when business policies for a considerable period ahead are determined, the President's reassurance is particularly opportune. It clears the air a little and should accentuate the seasonal improvement that has been developing for weeks.

It is true that business would have preferred a much more definite assurance; but it had no reason to expect it, because men in Mr. Roosevelt's position cannot commit themselves fully. From a political point of view, he would be indiscreet if he did not leave the way open for a quick shift of policy on this or that particular issue. Every President of the United States has got to be a politician. Business must take that for granted and not be perpetually shocked and startled by a commonplace truth.

Studying Mr. Roosevelt's letter for what it says—and does not say—and without going into the question whether his program in the recent congressional session was as justifiable as he asserts, business persists in its curiosity about his program for the future. The desired breathing-spell is here, he says. Well, the breathing-spell is here because Congress is out of session. But after Congress resumes in January, will business stop breathing again?

The only reassurance the President unmistakably gives is that his subordinates will go easy on business in administering the new legislation. He does not even say this much expressly; but he obviously intends it to be understood, and there would be no political value in his letter if it meant less than this.

But there is no specific reassurance about legislation next year. What of the Walsh bill to require NRA wage-and-hour provisions in all contracts financed in whole or in part with federal funds? What of the new NRA study which Mr. Roosevelt recently asked the congressional leaders to make? What of the statement of that powerful Roosevelt lieutenant, Senator Wagner, that in the next session "our first step should be the enactment of a permanent federal law regulating minimum wages

and maximum hours"? And what will be the President's attitude toward bills intended to substitute for New Deal legislation which the Supreme Court will probably hold unconstitutional before Congress comes back again?

These are some of the questions which business would like to have answered. But even as matters stand, the President's letter has appreciable value. The very fact that he tries to reassure business is significant.

Thirteen months ago, returning from his Hawaiian voyage, he made a speech at Green Bay. He spoke of the appeal of business men that he say something to restore confidence. He derided that appeal. He said plainly that he was going ahead with his program. And he did go ahead with his program, in the next session of Congress. Now he has said the kind of thing that business wanted him to say last year. And if it is as prophetic of his actions as his last year's speeches were, the New Deal reform program will not be pushed ahead very alarmingly when Congress meets again.

Assassination Of Huey Long

The assassination of Senator Long should be unanimously condemned, without regard to the record of the victim or the motives of the assassin. It should be clearly understood that assassination is futile, because a dead leader is usually replaced by another who appeals to the same group in the population and can pursue the same policies.

People say that no man can fill the place that Huey Long did. But how do they know? One of his bright young lieutenants may have learned enough to surpass the master's exploits. If Hitler were assassinated, would there not be a Göring or a

Hess to replace him? If the slight wound inflicted on Mussolini in 1926 by the Hon. Violet Gibson had proved fatal, would not a Farinacci or a Balbo have taken power? Lenin was seriously wounded in 1918 by an opponent of Bolshevism, Dora Kaplan. The after-effects of the wound produced his virtual retirement in 1922, and his death in 1924. But after Lenin came Stalin. Where is the gain?

We know that dictatorship breeds violence, and that feelings in Louisiana have reached an intensity such as the rest of the country does not understand. But assassination is not the right answer to any problem.

An Upswing Due to Inherent Strength

"The present business upswing," says the American Federation of Labor, "is the healthiest thus far; it is the first not due to government spending or currency action; the first which seems due chiefly to inherent economic strength." We may well imagine that the Administration will be disappointed at this statement, coming from a source which has been so friendly. What! the recovery not due to reform? the upswing not due to the New Deal? But so it is. Even organized labor has said it.

Steel ingot production in August was the largest in the year. Carloadings in the last week of August were higher than in any August or September week since 1931. And it is a natural recovery, due to "inherent economic strength."

The filling of long-delayed wants has produced a general rise in business income. The chief benefit, naturally, has gone to corporations that perceived the necessities of the newer day and made preparations to meet them. Products and marketing methods were improved; costs were reduced by modernization and by purchase of machines that pay for themselves rapidly; and prices were adjusted to comply with changed conditions.

The Machine Tool Show in Cleveland, the first in 6 years, is a sign of the times. Business is modernizing its plants and overcoming obsolescence. It is prepared to produce cheaply and make a profit.

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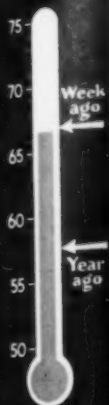
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